

**Agrisure GT/CB/LL, Agrisure RW, Agrisure GT/RW,
Agrisure CB/LL/RW and Agrisure 3000GT**

Grain harvested from corn hybrids containing Agrisure GT/CB/LL, Agrisure RW, Agrisure GT/RW, Agrisure CB/LL/RW and Agrisure 3000GT are fully approved for food and feed use in the United States and Japan. Corn hybrids with these traits will be sold under the Market Choices program (www.amseed.org) which asks growers not to deliver grain to facilities that will be supplying the EU.

Market Choices

Grain harvested from products that bear this mark is fully approved for food and feed use in the United States and Japan, but is not approved in the European Union. You must find a market for this crop that will not ship this grain or its processed products to Europe. Appropriate markets for this grain include: domestic feed use or grain handlers that specifically agree to accept this grain and handle it appropriately. For more information on your grain market options, go to the American Seed Trade Association's website at www.amseed.org or call your seed supplier.

Market Choices® is a registered certification mark used under license from ASTA. Know Before You Grow® is an information service provided by the National Corn Growers Association at www.ncga.com.

**Market
Choices**



Pollen Movement

A normal occurrence in corn production is cross-pollination, the movement of a very small amount of pollen between neighboring fields. It is not possible to achieve 100% purity of seed or grain in any corn production system and a certain amount of adventitious pollen movement will occur. As some fields may carry genetically improved traits, it is important to understand the conditions and factors that influence the amount of pollen movement. We encourage you to consider these factors and talk with your neighbors to understand each other's cropping intentions. If neighboring cornfields are food-grade, hybrid-seed or specialty export production, please contact your seed company rep to develop an approved isolation correction plan.

- **Pollen load in a given field.** The amount of pollen produced is in most cases enough to pollinate the silks of the plants in that field. Once pollination has occurred, the silks will no longer receive other pollen grains. The in-field pollen competition cuts down greatly on the chance of cross-pollination in neighboring fields.
- **Overlap of pollination period between neighboring fields.** Corn silks are only receptive to pollen for a period of 5 to 20 days. The timing is affected by factors such as weather, planting period and maturity of hybrids. In order for any cross-pollination to occur, competing pollen must be present during this period of time.
- **Proximity of fields.** Studies have shown that most cross-pollination occurs between fields located within 30 feet downwind from another, with most taking place within the first several rows of the field. To combat this, many contracts for growers of white and waxy corn require them to remove the outside 12 rows to ensure the removal of impurities from cross-pollination.
- **Distance traveled by pollen.** Environmental factors such as wind direction and speed, temperature and humidity all affect how far pollen will travel, and will vary by the day.
- **Set-up of given fields.** The size and orientation of the neighboring fields influence how they are affected by wind during the pollination period.

Weed Resistance Management

The effect of herbicide resistance should factor into your weed management decisions. Over-use of any weed control technology opens the door to weed population shifts and/or herbicide resistance. That's why it's important to rotate or use multiple herbicide modes of action in any weed control system. By including a weed resistance management program, you can ensure the continued benefits of all corn technologies.

At Syngenta, we take great pride in being proactive to protect your crop production investments. In addition to providing you with a wide array of seed and herbicide technologies, Syngenta also provides straightforward recommendations against the development of resistant weeds. These recommendations were developed with input from leading weed science experts in the U.S. and around the world. These recommendations include:

- Diversify glyphosate-dependent weed control programs with alternative herbicides or cultural practices.
- In glyphosate-tolerant corn and soybean systems, do not use more than two applications of a glyphosate-based herbicide over a two-year period. Diversify with alternative herbicides and cultural practices.
- Use alternative burndown or residual herbicides in glyphosate-tolerant crops likely to require more than one application of glyphosate.
- Rotate glyphosate-tolerant crops with conventional crops to manage weed resistant volunteers.
- Use the full label rate of glyphosate and tank mix partner to minimize weed escapes.
- Monitor treated weed populations for any loss of field efficacy.

Contact your local extension specialist, certified crop advisor and/or manufacturer for herbicide-resistant recommendations for specific crops and resistant weed biotypes.

Agrisure
CB/LL



Agrisure
CB/LL/RW



Agrisure
GT

Agrisure
GT/CB/LL



Agrisure
3000GT



Agrisure
GT/RW

Agrisure
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Agrisure
RW

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Case Number 2015L 001219

Transaction ID: 57889531

Date: Sep 18 2015 04:01PM

Mark Von Nida

Clerk of Circuit Court

Third Judicial Circuit, Madison County Illinois

EXHIBIT J

Maximizing Genetic Purity of Corn in the Field

- If at all possible, discuss planting intentions with neighbors and try to work together to maximize each other's grain marketing options.
- Thoroughly clean all other seed out of the planter before planting.
- Plant on land that did not have the specific hybrid type you are trying to isolate against grown the previous year.
- Plant corn in blocks as large as possible, rather than in several smaller fields.
- Maximize isolation distances from all other corn. This could vary from 24 rows to as much as 1/4 mile or more separation, depending on prevailing winds, planting date, hybrid characteristics and general weather conditions. The greater the isolation distance used, the greater the chance of maximizing purity.
- Until purity standards for acceptance of grain are established by importing countries, it is not possible to establish exact isolation guidelines. However, it will likely be impractical to attempt to isolate cornfields to achieve near absolute purity. The biology and logistics of corn production and pollen movement makes 100% purity nearly impossible to attain.
- To minimize prevailing wind effects on pollination, plant corn hybrids you are trying to isolate to the west or up-wind from all other corn hybrids.
- Staggered planting can also be used to help minimize cross-pollination. The sequence and timing of planting will depend on a hybrid's flowering characteristics and maturity.
- Harvest outside rows of the cornfield where you are trying to maximize purity and segregate this grain for other uses.
- Thoroughly clean combines, trucks, wagons grain augers and storage units when switching from one type of corn to another.
- Consider keeping samples of the seed, harvested grain and delivered grain. Preserve the samples until the grain has met all identity and quality standards of the buyer.

Remember that achieving 100% purity is virtually impossible in seed or grain production. These management practices are designed to help maximize production purity but do not guarantee absolute purity.

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EXHIBIT K



News

Bunge responds to Syngenta suit

August 23, 2011 - St. Louis, Missouri - Bunge North America, the North American operating arm of Bunge Limited (NYSE: BG), issued the following statement which can be attributed to Soren Schroder, Bunge North America president and CEO.

Bunge North America is aware from press reports of Syngenta's allegations. From what we know and from prior conversations with Syngenta, we are surprised and disappointed that Syngenta has taken an action which could put at risk a major export market for U.S. corn producers in China.

Bunge is a strong proponent of agricultural biotechnology and the benefits it offers to the entire value chain. We have communicated to Syngenta on several occasions that Bunge looks forward to accepting Agrisure Viptera once approval from China is secured. We understand that Syngenta expects this will happen in early 2012.

However, until this approval occurs, we must protect the integrity of our export supply chain by not accepting Agrisure Viptera and other varieties that do not have major export market approval. Our obligation to our farmer customers is to provide access to the global marketplace and the price benefits of that access. Syngenta's decision to commercialize Agrisure Viptera should not foreclose our ability to sell to a major market in China.

Bunge's decision not to accept Agrisure Viptera is consistent with the North American Export Grain Association's (NAEGA) policy to advocate that technology providers receive all major international approvals for a trait prior to seed sales. The grain export industry, which includes Bunge, notified Syngenta more than a year ago that China is considered a major export market.

According to the U.S. Department of Agriculture, China is currently the seventh largest destination for U.S. corn with imports expected to grow significantly this year.

[Return to the main news page](#)

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Case Number 2015L 001219

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EXHIBIT L

EXHIBIT F

Deposition of Lee, Charles R. - 9/7/2011
Syngenta Seeds, Inc. v. Bunge North America Inc.

Page 1

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF IOWA
WESTERN DIVISION

Case No. 5:11-cv-4074-MWB

SYNGENTA SEEDS, INC.,
a Delaware corporation,

Plaintiff,

v.

BUNGE NORTH AMERICA, INC.,
a New York corporation,

Defendant.

VIDEOTAPED DEPOSITION OF
CHARLES R. LEE

Taken September 7, 2011 By Cindy M. Trattles

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Case 5:11-cv-04074-MWB Document 32-6 Filed 09/15/11 Page 2 of 16

EXHIBIT F

Deposition of Lee, Charles R. - 9/7/2011
Syngenta Seeds, Inc. v. Bunge North America Inc.

Page 65	Page 67
<p>1 Q. All right.</p> <p>2 A. Industry relations was his role, so</p> <p>3 stakeholder management.</p> <p>4 Q. All right. So you're not aware of any</p> <p>5 information, but Mr. Bernens might be?</p> <p>6 A. Yep.</p> <p>7 Q. Have you talked about it with Mr. Bernens?</p> <p>8 A. No.</p> <p>9 Q. Okay. So you don't know if he has any</p> <p>10 information?</p> <p>11 A. I mean whether he can confirm that or not I</p> <p>12 don't know.</p> <p>13 Q. Should we call it Viptera? I've been saying</p> <p>14 Agrisure Viptera, but is Viptera the way you</p> <p>15 would refer to it?</p> <p>16 A. Yeah, Viptera is fine.</p> <p>17 Q. Okay. Viptera is not currently approved for</p> <p>18 importation into China; correct?</p> <p>19 A. Correct.</p> <p>20 Q. As I understand it, Syngenta has an</p> <p>21 application or an approval process pending</p> <p>22 for Chinese approval; is that right?</p> <p>23 A. Correct.</p> <p>24 Q. And does Syngenta expect that approval to</p> <p>25 occur by the end of first quarter of next</p>	<p>1 of the first quarter.</p> <p>2 BY MR. HOHN:</p> <p>3 Q. All right. But you don't have any</p> <p>4 information that is not otherwise protected</p> <p>5 by attorney-client privilege that you can</p> <p>6 tell me as a new expectation or a new</p> <p>7 estimate for when that could occur?</p> <p>8 A. No.</p> <p>9 Q. Is Viptera currently approved for importation</p> <p>10 into the European Union?</p> <p>11 A. No.</p> <p>12 Q. Is there an application pending to get</p> <p>13 approval in the EU?</p> <p>14 A. Yep.</p> <p>15 Q. Is there an expectation of when that approval</p> <p>16 could occur?</p> <p>17 A. I believe it's 2013.</p> <p>18 Q. Viptera is a genetically-modified corn</p> <p>19 variety; correct?</p> <p>20 A. Correct.</p> <p>21 Q. And just so we're on the same page when we</p> <p>22 use that term GM or genetically modified, is</p> <p>23 it fair to say that the DNA of another</p> <p>24 organism was inserted into the genome, the</p> <p>25 corn genome, to create Viptera?</p>
Page 66	Page 68
<p>1 year?</p> <p>2 A. That's correct, that's what we expect.</p> <p>3 Q. Has there been any -- and I've seen that in</p> <p>4 public statements made by Syngenta. Has</p> <p>5 there any revision of that? I mean is there</p> <p>6 an expectation it might have occur sooner?</p> <p>7 Do you have any new information for us to</p> <p>8 tell us whether or not Chinese approval could</p> <p>9 occur sooner than end of first quarter?</p> <p>10 MR. BROWN: And I'm just going to</p> <p>11 instruct that to the extent that you know</p> <p>12 outside of conversations including lawyers,</p> <p>13 you can answer the question. To the extent</p> <p>14 that a conversation as to whether you know</p> <p>15 included lawyers, you'd be instructed not to</p> <p>16 answer that question.</p> <p>17 THE WITNESS: So China has what we</p> <p>18 consider to be the asynchronous approval</p> <p>19 process. So you can't submit to China until</p> <p>20 you have a country of origin cultivation.</p> <p>21 And so once you submit to China it's pretty</p> <p>22 much a locked-in two-year set of events. And</p> <p>23 two years will come up roughly at the end of</p> <p>24 the first quarter. So that would be our</p> <p>25 prediction that it would come up at the end</p>	<p>1 A. Correct.</p> <p>2 Q. And is it Vip3A is the protein I guess</p> <p>3 that was -- or the gene rather that was</p> <p>4 inserted into the corn gene?</p> <p>5 A. Correct.</p> <p>6 Q. All right. Is Viptera different from other</p> <p>7 corn, Viptera corn different from other corn?</p> <p>8 A. Nope. USDA has determined it's -- and FDA</p> <p>9 and EPA have determined it's No. 2 yellow</p> <p>10 corn.</p> <p>11 Q. So there's no difference between Viptera corn</p> <p>12 and nonViptera corn?</p> <p>13 A. Other than the insecticidal property of the</p> <p>14 gene.</p> <p>15 Q. Okay. So that is a difference between</p> <p>16 Viptera corn and nonViptera corn?</p> <p>17 A. Correct.</p> <p>18 Q. All right. And Viptera is subject to</p> <p>19 regulation within the United States; is that</p> <p>20 right?</p> <p>21 A. Correct.</p> <p>22 Q. And as I understand it, a trait is either --</p> <p>23 it's either a regulated status or unregulated</p> <p>24 status. Is that your understanding as well?</p> <p>25 A. Correct, yes.</p>

17 (Pages 65 to 68)

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Case 5:11-cv-04074-MWB Document 32-6 Filed 09/15/11 Page 3 of 16

Deposition of Lee, Charles R. - 9/7/2011
 Syngenta Seeds, Inc. v. Bunge North America Inc.

Page 69	Page 71
<p>1 Q. And Vipera received unregulated status</p> <p>2 effectively in 2010?</p> <p>3 A. Correct.</p> <p>4 Q. Was it April of 2010 when that final status</p> <p>5 was achieved?</p> <p>6 A. Correct.</p> <p>7 Q. When we use the word commercialized -- we've</p> <p>8 used that word a few times and I know I've</p> <p>9 seen it in various documents, I want to make</p> <p>10 sure we're on the same page when we use that</p> <p>11 word, too. When we use the word</p> <p>12 commercialized, does that mean that the trait</p> <p>13 or the product is available for widespread</p> <p>14 sale?</p> <p>15 A. Yeah, it would mean that we would conduct --</p> <p>16 if it's commercial, we would have third</p> <p>17 party -- you know, sales to third parties,</p> <p>18 unlinked sales to third parties; correct.</p> <p>19 Q. Okay. And when did Syngenta start its</p> <p>20 commercialization of Vipera?</p> <p>21 A. So it would have been in the fall of 2010.</p> <p>22 Q. Was there a specific date within the fall?</p> <p>23 A. I believe we -- so officially we turned on</p> <p>24 our ordering systems usually the very end of</p> <p>25 August. So that would be when a grower could</p>	<p>1 requirement to commercialized immediately; is</p> <p>2 there?</p> <p>3 A. No, Other than the fact that you're trying to</p> <p>4 recoup your costs as an organization.</p> <p>5 Q. Right. So while there's not a requirement to</p> <p>6 commercialize within a certain period of time</p> <p>7 of unregulated status, it's something that a</p> <p>8 company like Syngenta would want to do; is</p> <p>9 that fair?</p> <p>10 A. Yep.</p> <p>11 Q. And that's because of what?</p> <p>12 A. Like anybody, you want to derive some income</p> <p>13 from your products.</p> <p>14 Q. And I may have seen this number somewhere.</p> <p>15 Do you know about how much was invested in</p> <p>16 the research and development of Vipera?</p> <p>17 A. Yeah, so I can answer it approximately. So</p> <p>18 approximately around 200 million dollars.</p> <p>19 Q. And is Vipera a patented product?</p> <p>20 A. Yes.</p> <p>21 Q. Do you know about when the patent was</p> <p>22 achieved/received?</p> <p>23 A. I can't answer that specifically, no.</p> <p>24 Q. Is that another consideration for a company</p> <p>25 like Syngenta wanting to commercialize, that</p>
Page 70	Page 72
<p>1 officially take a sale for Vipera.</p> <p>2 Q. And is Vipera like other Syngenta products,</p> <p>3 sold through third-party dealers for lack of</p> <p>4 a better word?</p> <p>5 A. Correct, yep.</p> <p>6 Q. Okay. And does Syngenta have contracts with</p> <p>7 these dealers or are they just you sell the</p> <p>8 product to the dealers and the dealers sell</p> <p>9 it? I mean is there any kind of a</p> <p>10 contractual relationship?</p> <p>11 A. Yeah, there's a contractual relationship.</p> <p>12 But that's how it occurs is they're</p> <p>13 independent agents. So they would buy the</p> <p>14 product from us and they would be we call</p> <p>15 them resellers. They would resell. I think</p> <p>16 it's a typical distribution strategy.</p> <p>17 Q. Okay. So you said end of August that your</p> <p>18 ordering system was turned on?</p> <p>19 A. Yeah.</p> <p>20 Q. Of 2010; right?</p> <p>21 A. Correct, yeah.</p> <p>22 Q. Okay. Am I correct in saying that after a</p> <p>23 trait developer or biotech company like</p> <p>24 Syngenta receives approval and unregulated</p> <p>25 status for a new trait, there's no</p>	<p>1 there's only so much time that a patent is</p> <p>2 good for to your understanding?</p> <p>3 A. Yeah, it'd be like any biotech company or</p> <p>4 drug company. You have to operate in the</p> <p>5 nongeneric period. You like to optimize that</p> <p>6 period.</p> <p>7 Q. When a product like Vipera receives</p> <p>8 unregulated status, that does not mean though</p> <p>9 that it's lawful to import into any other</p> <p>10 country; right? I mean there's no -- or</p> <p>11 maybe tell me if I'm wrong actually. I mean</p> <p>12 maybe there are countries that are tied to</p> <p>13 U.S. approval. Once it's approved in the</p> <p>14 U.S. it's legal to import into other</p> <p>15 countries, do you know?</p> <p>16 A. Yeah, so there's a lot of countries that</p> <p>17 don't even have regulatory systems today.</p> <p>18 Q. So those would be countries where once it's</p> <p>19 approved in the U.S., you could theoretically</p> <p>20 import into those countries?</p> <p>21 A. Yeah, the word theoretically might be the</p> <p>22 right word to use. Yes.</p> <p>23 Q. All right. Does China have a functioning</p> <p>24 regulatory system as you use that term?</p> <p>25 A. Yeah. So I believe BIO is very specific</p>

18 (Pages 69 to 72)

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Case 5:11-cv-04074-MWB Document 32-6 Filed 09/15/11 Page 4 of 16

Deposition of Lee, Charles R. - 9/7/2011
 Syngenta Seeds, Inc. v. Bunge North America Inc.

Page 81	Page 83
<p>1 marketplace.</p> <p>2 Q. Which traits are you referring to that have</p> <p>3 been marketed without China's approval?</p> <p>4 A. Certainly in recent history Monsanto's 89034</p> <p>5 that's in their SmartStax product. It's in</p> <p>6 their VT Triple PRO. That's public record,</p> <p>7 so I don't think it's any shock. But they</p> <p>8 did not receive deregulation I believe until</p> <p>9 just last spring.</p> <p>10 So clearly it was sold for, you</p> <p>11 know, almost two years before it -- at least</p> <p>12 a full year of planting before it received</p> <p>13 China approval.</p> <p>14 Q. Okay. When was MON 89034 -- I think that's</p> <p>15 the right number; isn't it?</p> <p>16 A. Yep.</p> <p>17 Q. When was that commercially launched in the</p> <p>18 United States to your understanding?</p> <p>19 A. So I'd have to go back and look for sure, but</p> <p>20 they commercially sold it in I believe 2010</p> <p>21 for 2011 planting.</p> <p>22 Q. And when did you say Chinese approval was</p> <p>23 secured for that?</p> <p>24 A. I believe it was somewhere around March of</p> <p>25 2011. So there was grain in the market for</p>	<p>1 Q. Have you looked at this issue? It sounds</p> <p>2 like you might have studied this issue in</p> <p>3 terms of when MON 89034 was launched and</p> <p>4 approved in various other countries.</p> <p>5 A. Yeah. So obviously as trait developers we</p> <p>6 look at when and what countries they have</p> <p>7 approval in.</p> <p>8 Q. To your knowledge did Monsanto make a public</p> <p>9 statement that MON 89034 was being</p> <p>10 commercially launched but there's not</p> <p>11 approval in China?</p> <p>12 A. I can't answer that.</p> <p>13 Q. When was the decision made to commercialize</p> <p>14 Viptera in the fall of 2010?</p> <p>15 A. So I mean as soon as we received deregulation</p> <p>16 in the spring, you know, the decision to</p> <p>17 commercialize was made at that time.</p> <p>18 Obviously we waited for Japan and Canada so</p> <p>19 we could follow BIO because we had agreed as</p> <p>20 a group to do that.</p> <p>21 Q. And was there a specific meeting or a call</p> <p>22 where this decision was made to commercialize</p> <p>23 Viptera in 2010 after U.S. deregulation</p> <p>24 status?</p> <p>25 A. No. I mean it's legally approved in the U.S.</p>
Page 82	Page 84
<p>1 sure for months.</p> <p>2 Q. And did you as a participant in the industry,</p> <p>3 did you have an understanding at the time</p> <p>4 that MON 89034 was commercially launched that</p> <p>5 there was not approval in China? Did you</p> <p>6 know that?</p> <p>7 A. Uh-hum, absolutely.</p> <p>8 Q. Was that public knowledge?</p> <p>9 A. Yeah.</p> <p>10 Q. From what source would you have learned that?</p> <p>11 A. So -- well, Monsanto themselves obviously</p> <p>12 published what they have approval and don't</p> <p>13 have approval on. It's public record. You</p> <p>14 can go into, you know, the websites and</p> <p>15 locate that.</p> <p>16 Q. Is there something specifically that you're</p> <p>17 thinking of that you're saying you could look</p> <p>18 at to determine that?</p> <p>19 A. I have somebody that does that for me. So</p> <p>20 I'm not sure what source they exactly used.</p> <p>21 But, yeah, it's public record, Chinese public</p> <p>22 record. We have regulatory people in China</p> <p>23 on the ground just like Monsanto or Dow or</p> <p>24 anybody. So it's public record what their</p> <p>25 approval is and what their timeline is.</p>	<p>1 and we just wait on the BIO countries as I</p> <p>2 just said. So it's not like we have a</p> <p>3 meeting to make a decision. I mean it's what</p> <p>4 we've agreed to as an industry. This is how</p> <p>5 we're going to -- what we need for</p> <p>6 commercialization, so it's just standard</p> <p>7 process.</p> <p>8 Q. Okay. So it's just standard practice once</p> <p>9 Syngenta has U.S. deregulation status, it's</p> <p>10 going to move forward with commercialization?</p> <p>11 A. That's what the industry does, yes. Syngenta</p> <p>12 and the industry does that.</p> <p>13 Q. So there's not anyone who makes a decision</p> <p>14 and says: Yes, I'm going to approve. Let's</p> <p>15 launch in 2010?</p> <p>16 A. Not once we had received deregulation. It</p> <p>17 was: We're going to sell it.</p> <p>18 Q. The crop year runs from September 1 to August</p> <p>19 31; is that right?</p> <p>20 A. Yep.</p> <p>21 Q. And planting for corn in the United States</p> <p>22 occurs in the spring; is that right?</p> <p>23 A. Yep. So it kind of depends upon where you're</p> <p>24 at geographically. But, yeah, it's anywhere</p> <p>25 from January in the south to, you know, into</p>

21 (Pages 81 to 84)

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Deposition of Lee, Charles R. - 9/7/2011
 Syngenta Seeds, Inc. v. Bunge North America Inc.

Page 85	Page 87
<p>1 June.</p> <p>2 Q. So the commercial launch of Viptera in August</p> <p>3 2010 means that the first crop year that</p> <p>4 Viptera would be produced and ultimately, you</p> <p>5 know, harvested would be the '11 - '12 crop</p> <p>6 year?</p> <p>7 A. Correct.</p> <p>8 Q. So is it correct that there should have been</p> <p>9 no Viptera in commercial channels prior to</p> <p>10 the '11 - '12 crop year?</p> <p>11 A. Correct.</p> <p>12 Q. And Viptera -- correct me if I'm wrong, but</p> <p>13 Viptera has never been -- obviously wasn't</p> <p>14 available for commercial sale until August of</p> <p>15 2010. It was not available for commercial</p> <p>16 sale prior to that; right?</p> <p>17 A. Correct.</p> <p>18 Q. So, therefore, it hadn't been harvested prior</p> <p>19 to August of 2010, correct, other than under</p> <p>20 an BUP for experimental field trials?</p> <p>21 A. Correct.</p> <p>22 Q. And, therefore, Viptera had not been</p> <p>23 delivered to a commercial elevator prior to</p> <p>24 August of 2010?</p> <p>25 A. Correct.</p>	<p>1 yeah.</p> <p>2 Q. Okay. So I guess just for clarification,</p> <p>3 when you say the ordering system is turned on</p> <p>4 in 2010, there may be orders going on, is</p> <p>5 that what you're saying, in August of 2010,</p> <p>6 but actually you're not booking sales until</p> <p>7 December of 2010?</p> <p>8 A. We don't invoice them. So that's our legal</p> <p>9 transaction, right. So there is orders on a</p> <p>10 system. So they're booked. It's just</p> <p>11 they're not officially consummated until we</p> <p>12 ship in our system.</p> <p>13 Q. And, again, these are sales from Syngenta to</p> <p>14 independent seed dealers?</p> <p>15 A. Correct.</p> <p>16 Q. Does Syngenta ever sell directly to growers?</p> <p>17 I mean a seed dealer might be a grower. I</p> <p>18 understand that.</p> <p>19 A. Yeah, we would have employees that would make</p> <p>20 direct transactions to a grower in some small</p> <p>21 cases, yes.</p> <p>22 Q. Okay. I mean what kind of cases?</p> <p>23 A. A really, really large grower, for instance.</p> <p>24 Q. So Syngenta does sometimes sell to large</p> <p>25 growers directly?</p>
Page 86	Page 88
<p>1 Q. And so, therefore, it would have never been</p> <p>2 received or stored by a commercial elevator</p> <p>3 prior to August of 2010?</p> <p>4 A. Correct.</p> <p>5 Q. Would it be fair to say there was no ordinary</p> <p>6 course of dealing or business with respect to</p> <p>7 Viptera prior to August of 2010 because by</p> <p>8 definition it wasn't even for sale until</p> <p>9 then?</p> <p>10 MR. BROWN: I'm going to object to</p> <p>11 the extent it calls for a legal conclusion.</p> <p>12 THE WITNESS: Yeah, we define</p> <p>13 sales as, you know, the invoicing of a</p> <p>14 product. And so typically we wouldn't make</p> <p>15 that invoice until probably December</p> <p>16 technically of 2011 would be our first</p> <p>17 shipments usually. Late November - December</p> <p>18 would be the first time we'd ship corn to a</p> <p>19 third party, make the online sale.</p> <p>20 So that's how we define a sale</p> <p>21 internally and so that's what we consider</p> <p>22 sales occurring would have been December.</p> <p>23 BY MR. HOHN:</p> <p>24 Q. Of 2010? I thought you said 2011.</p> <p>25 A. They would have been, excuse me, of 2010;</p>	<p>1 A. Correct, yeah.</p> <p>2 Q. So back to my question. There would have</p> <p>3 been no custom or practice with respect to</p> <p>4 selling Viptera until December 2010 because</p> <p>5 you actually weren't even invoicing any sales</p> <p>6 until then?</p> <p>7 A. Yeah, so we would have -- as the USDA would</p> <p>8 define selling, I would say that's</p> <p>9 advertising and promotions. That would have</p> <p>10 occurred in August. So it depends upon how</p> <p>11 you want to define it. As defined by the</p> <p>12 government, they would say we sold in August.</p> <p>13 Q. Okay. So there would have been no custom or</p> <p>14 practice with respect to selling Viptera</p> <p>15 until at least August of 2010 when it was</p> <p>16 available for sale?</p> <p>17 A. Other than the promotional efforts we had</p> <p>18 after deregulation. So press releases, as I</p> <p>19 said, field days.</p> <p>20 Q. Right. So other than that, yes?</p> <p>21 A. Correct.</p> <p>22 Q. Okay. Is it also correct to say that there</p> <p>23 would have been no custom or practice with</p> <p>24 respect to farmers growing and harvesting and</p> <p>25 delivering Viptera corn until the 2011 - '12</p>

22 (Pages 85 to 88)

Deposition of Lee, Charles R. - 9/7/2011
 Syngenta Seeds, Inc. v. Bunge North America Inc.

Page 89	Page 91
<p>1 crop year?</p> <p>2 A. Except off those EUP's.</p> <p>3 Q. So except for that, yes?</p> <p>4 A. Correct.</p> <p>5 Q. Okay. Have you ever heard of the Viptera</p> <p>6 trait being detected in commercial channels</p> <p>7 prior to the 2011 - '12 crop year?</p> <p>8 A. No, I have not.</p> <p>9 Q. Have you ever heard anybody say that?</p> <p>10 A. No.</p> <p>11 Q. Okay. Has Syngenta to your knowledge ever</p> <p>12 detected the Viptera trait in any other</p> <p>13 Syngenta products where it wasn't supposed to</p> <p>14 be I guess?</p> <p>15 A. No.</p> <p>16 Q. Am I correct in saying that China has a zero</p> <p>17 tolerance policy for unapproved GM events?</p> <p>18 A. Yes.</p> <p>19 Q. And am I correct in saying that means no</p> <p>20 matter how small the presence of an</p> <p>21 unapproved GM event, it would be unlawful to</p> <p>22 import a shipment of grain into China if</p> <p>23 there was an unapproved GM event, no matter</p> <p>24 how much or how little was in that shipment?</p> <p>25 A. I believe that's correct.</p>	<p>1 policies like those that exist in China</p> <p>2 create risk for grain handlers?</p> <p>3 A. Only if they choose to serve those markets.</p> <p>4 Q. So if a grain handler services China, then</p> <p>5 obviously a zero tolerance policy in China</p> <p>6 for an unapproved GM in China does pose some</p> <p>7 risk for a grain handler?</p> <p>8 A. Just like they would any country that doesn't</p> <p>9 have a regulatory system. There's risk as</p> <p>10 well. But China, yep, you're correct.</p> <p>11 Q. And there's no LLP or low level presence</p> <p>12 policy to your understanding that's in place</p> <p>13 for China?</p> <p>14 A. No.</p> <p>15 Q. It's something that the industries are</p> <p>16 working on but doesn't exist currently?</p> <p>17 A. Yes, I think obviously we're - I think it's</p> <p>18 public record Bunge and NAECA and BIO and</p> <p>19 NOGA would all like to see a tolerance</p> <p>20 policy. They'd like to see asynchronous</p> <p>21 approval in China, but they would like to see</p> <p>22 a tolerance policy.</p> <p>23 Q. And how would an LLP assist in mitigating</p> <p>24 risk in your assessment?</p> <p>25 A. So deregulation is a matter of timing, right.</p>
Page 90	Page 92
<p>1 Q. So whether the unapproved event was detected</p> <p>2 at one part per 100,000 or one part per</p> <p>3 million, to your understanding it would still</p> <p>4 be unlawful to import that shipment into</p> <p>5 China?</p> <p>6 A. Correct.</p> <p>7 Q. Does zero tolerance policies, whether they be</p> <p>8 in China or elsewhere, pose a problem for</p> <p>9 Syngenta?</p> <p>10 A. No, because we operate on the principle that</p> <p>11 we need U.S., Japan and Canada. And so once</p> <p>12 we have those approvals, we do</p> <p>13 commercialization of the product as the</p> <p>14 industry has agreed. So zero tolerance</p> <p>15 policies are unfortunate. But they - today</p> <p>16 as an industry we haven't looked at any</p> <p>17 countries today that have them as a major</p> <p>18 obstacle. They're inconvenient for certain.</p> <p>19 Q. Okay. Would you agree that zero tolerance</p> <p>20 policies, again, whether it be China, EU or</p> <p>21 whoever, pose obstacles for the corn value</p> <p>22 chain so to speak?</p> <p>23 A. Absolutely. Everybody in it they pose</p> <p>24 obstacles for.</p> <p>25 Q. And would you agree that zero tolerance</p>	<p>1 So if you have -- you can't launch any trait</p> <p>2 at very high volume. So you have dilution in</p> <p>3 the export business. And so a tolerance</p> <p>4 policy would enable an organization to more</p> <p>5 easily manage risk in to countries with that</p> <p>6 kind of policy.</p> <p>7 Q. Is there any test available to your knowledge</p> <p>8 that would be able to detect a level of an</p> <p>9 unapproved GM to satisfy a zero tolerance</p> <p>10 policy country?</p> <p>11 MR. BROWN: I'll object to</p> <p>12 foundation, but go ahead.</p> <p>13 THE WITNESS: Yeah, I'm not sure</p> <p>14 on the person that can answer that. I mean</p> <p>15 what I can answer is PCR is quite sensitive,</p> <p>16 right. Parts per billion kind of detection</p> <p>17 levels.</p> <p>18 BY MR. HOHN:</p> <p>19 Q. But it doesn't detect to absolute zero;</p> <p>20 correct?</p> <p>21 A. Yeah, nothing can detect to zero.</p> <p>22 Q. In order to ensure you have zero in a</p> <p>23 shipment to a country with zero tolerance</p> <p>24 policies, you literally have to test and</p> <p>25 destroy every grain to ensure that; would</p>

23 (Pages 89 to 92)

Benchmark Reporting Agency
 612.338.3376

Deposition of Lee, Charles R. - 9/7/2011
 Syngenta Seeds, Inc. v. Bunge North America Inc.

Page 93	Page 95
<p>1 that be right?</p> <p>2 A. It depends upon how you assess the risk,</p> <p>3 right, and that country assesses the risk.</p> <p>4 So that's probably not a practice they're</p> <p>5 going to initiate. They're going to take a</p> <p>6 sample.</p> <p>7 Q. True. But in order to ensure a zero percent</p> <p>8 of an unapproved GM variety in a shipment</p> <p>9 into a country with a zero tolerance policy,</p> <p>10 if you literally were going to do that, if</p> <p>11 you were going to try and ensure zero, you'd</p> <p>12 have to test every grain?</p> <p>13 MR. BROWN: Object to form.</p> <p>14 THE WITNESS: Yeah, I'm not -- I</p> <p>15 don't think that's the practical application</p> <p>16 that would occur, no.</p> <p>17 BY MR. HOHN:</p> <p>18 Q. How would you ensure absolute zero unapproved</p> <p>19 GM in a shipment? Is there a way to do it?</p> <p>20 A. So there are countries that accept point of</p> <p>21 origin testing, right. So they have a</p> <p>22 protocol, they sample the protocol and the</p> <p>23 country accepts that protocol as that</p> <p>24 shipment being free of GM. There are our</p> <p>25 point of origin testing agreements, in my</p>	<p>1 Q. So it's a real risk?</p> <p>2 A. Absolutely.</p> <p>3 Q. Okay. Are you aware of any specific shipment</p> <p>4 rejections due to unapproved GM events in</p> <p>5 China?</p> <p>6 A. Yeah, I mean I heard there were two last year</p> <p>7 due to 89034.</p> <p>8 Q. Do you know what the economic impact to the</p> <p>9 company that shipped those were?</p> <p>10 A. No.</p> <p>11 Q. Do you have any understanding?</p> <p>12 A. I mean just the comments made is it sounded</p> <p>13 like, you know, they had economic loss. I'm</p> <p>14 not sure what the loss quantity was.</p> <p>15 Q. Million of dollars you would expect?</p> <p>16 A. I can't answer that. I'm not in the grain</p> <p>17 business.</p> <p>18 Q. Okay. That leads to me to another question.</p> <p>19 You're not in the grain business. Do you</p> <p>20 have any experience in the grain handling</p> <p>21 business?</p> <p>22 A. Not other than as tangentially our</p> <p>23 organization is related to agriculture and</p> <p>24 the handling of grain, no.</p> <p>25 Q. You've never worked for a grain handling</p>
Page 94	Page 96
<p>1 understanding anyway.</p> <p>2 Q. Right. China is not one of them?</p> <p>3 A. China does not accept point of origin, no.</p> <p>4 Q. Okay. So if you're going to ensure a</p> <p>5 shipment to China had zero percent unapproved</p> <p>6 GM, tell me how you would go about doing</p> <p>7 that, assuring that you have zero percent</p> <p>8 unapproved GM on a shipment to China?</p> <p>9 A. I think that -- I mean if it's zero, you'd</p> <p>10 have to assess the risks to your sample, how</p> <p>11 good your sample is.</p> <p>12 Q. Right. But there's always going to be a</p> <p>13 level of risk because it always depends upon</p> <p>14 the sampling process, where you pulled the</p> <p>15 sample?</p> <p>16 A. Yeah, there's some level of risk. Correct.</p> <p>17 Q. Okay. Are you aware of any shipment</p> <p>18 reductions by China due to unapproved GM</p> <p>19 events?</p> <p>20 A. Yes.</p> <p>21 Q. I mean that is a real risk to your</p> <p>22 understanding, right, that China rejects</p> <p>23 shipments due to unapproved GM events?</p> <p>24 A. Yeah, they reject due to treated soybeans, GM</p> <p>25 events. They reject for multiple reasons.</p>	<p>1 company?</p> <p>2 A. No.</p> <p>3 Q. No. So I take it you don't purport to be an</p> <p>4 expert in grain handling?</p> <p>5 A. No.</p> <p>6 Q. All right. Do you know about Bunge's</p> <p>7 business?</p> <p>8 A. In what terms? So how big they are? What</p> <p>9 they do?</p> <p>10 Q. Yeah. Do you know about how much they</p> <p>11 export, where they export to?</p> <p>12 A. So, yeah, so according to my meeting with</p> <p>13 Bailey Ragan, he said they export about only</p> <p>14 30% of their corn that they originate. And</p> <p>15 they're a small originator of corn. They're</p> <p>16 a large soybean organization is my</p> <p>17 understanding, one of the larger soybean</p> <p>18 exporters.</p> <p>19 Q. Okay. What else do you know about -- tell me</p> <p>20 what conversation you're referring to with</p> <p>21 Mr. Ragan.</p> <p>22 A. I believe it was the August 11th discussion</p> <p>23 that we had.</p> <p>24 Q. Okay. And who was in that meeting besides</p> <p>25 Mr. Ragan and yourself?</p>

24 (Pages 93 to 96)

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Case 5:11-cv-04074-MWB Document 32-6 Filed 09/15/11 Page 8 of 16

Deposition of Lee, Charles R. - 9/7/2011
 Syngenta Seeds, Inc. v. Bunge North America Inc.

Page 157	Page 159
<p>1 the U.S. exports -- again, I'm not in the</p> <p>2 grain industry. But I don't think they</p> <p>3 export beans, unprocessed beans to the EU.</p> <p>4 BY MR. HOHN:</p> <p>5 Q. I understand. You said -- yeah, you said</p> <p>6 bean soybean meal?</p> <p>7 A. Yes.</p> <p>8 Q. Okay. So similar question: I mean is it a</p> <p>9 risk, is it a possibility that you would have</p> <p>10 corn, unapproved corn varieties AP in a</p> <p>11 shipment of bean meal to the EU?</p> <p>12 MR. BROWN: Same objection.</p> <p>13 THE WITNESS: Yeah, I mean it's a</p> <p>14 possibility. I mean it gets back to my</p> <p>15 statement before is that the grain industry</p> <p>16 chooses to serve a market. There's some</p> <p>17 inherent risk of unapproved GMOs in any one</p> <p>18 of those markets. The EU is no different</p> <p>19 than China than is Egypt than the</p> <p>20 Philippines, you know, any country.</p> <p>21 BY MR. HOHN:</p> <p>22 Q. And that's the grain handler's risk?</p> <p>23 A. They choose to serve the market, yeah.</p> <p>24 Q. Okay. Let's talk a little bit about -- any</p> <p>25 other conversations actually that you had</p>	<p>1 about -- good about helping growers.</p> <p>2 Q. Cargill, do you have an understanding of what</p> <p>3 markets, what corn markets Cargill</p> <p>4 participates in?</p> <p>5 A. I would have no clue for sure. I mean I</p> <p>6 assume it's the standard markets in the</p> <p>7 world, but --</p> <p>8 Q. I mean do they export much whole kernel corn,</p> <p>9 do you know?</p> <p>10 A. I know they export to Japan and China and</p> <p>11 Korea, yes.</p> <p>12 Q. Do you know what their export profile is,</p> <p>13 like what percentage of their business is</p> <p>14 export?</p> <p>15 A. No. The only reason I know Bunge is Bailey</p> <p>16 Ragan told me.</p> <p>17 Q. Does that make a difference in your opinion,</p> <p>18 the percentage of business that a company</p> <p>19 does in the export market?</p> <p>20 A. No. I mean if you export anything into a</p> <p>21 country like EU or China that have</p> <p>22 asynchronous approvals, I mean I think</p> <p>23 whether it's a little or a lot, you have a</p> <p>24 certain amount of business risk.</p> <p>25 Q. So whether or not a company, you know,</p>
Page 158	Page 160
<p>1 with LDC on this issue besides what you've</p> <p>2 explained to me?</p> <p>3 A. None. Again, we never met with them</p> <p>4 face-to-face.</p> <p>5 Q. Okay. How about Cargill.</p> <p>6 A. Uh-hum.</p> <p>7 Q. And what is your understanding of Cargill's</p> <p>8 position?</p> <p>9 A. So our understanding is Cargill is willing to</p> <p>10 accept Viptera as long as the grower notifies</p> <p>11 them in writing. And they've been pretty</p> <p>12 good even at their wet mills at redirecting</p> <p>13 growers that have Viptera if they don't want</p> <p>14 it at one of their wet mills.</p> <p>15 Q. They announced that they were not taking</p> <p>16 Viptera at their wet mills; is that right?</p> <p>17 A. Uh-hum. Just last week I believe, yeah.</p> <p>18 They've been -- Cargill has been extremely</p> <p>19 cooperative with growers and with us in</p> <p>20 making sure growers have a point to dump</p> <p>21 grain that contains Viptera. Their belief is</p> <p>22 that if you provide an outlet for the grower</p> <p>23 for his Viptera, it's easier to manage the</p> <p>24 corn that does not contain Viptera.</p> <p>25 So they've been pretty careful</p>	<p>1 exports 100% of its product or 0% of its</p> <p>2 product, would you say that nevertheless it's</p> <p>3 still required to accept Viptera once it's</p> <p>4 approved in the U.S.?</p> <p>5 MR. BROWN: I'll going to object</p> <p>6 to form and hypothetical.</p> <p>7 THE WITNESS: So no one's forcing</p> <p>8 anybody to sell to a market. I mean</p> <p>9 companies make that -- the grain industry</p> <p>10 makes that on their own -- they make that</p> <p>11 decision on their own whether they're going</p> <p>12 to sell to a market or not. So they aren't</p> <p>13 forced to this risk. They have a free choice</p> <p>14 to take the risk.</p> <p>15 BY MR. HOHN:</p> <p>16 Q. And that wasn't my question. My question</p> <p>17 was: Whether a company exports 100% of its</p> <p>18 product or 0% of its product your position</p> <p>19 would be that it's required to take Viptera</p> <p>20 once it's approved in the U.S.?</p> <p>21 MR. BROWN: Same objections,</p> <p>22 hypothetical.</p> <p>23 THE WITNESS: Yeah, I mean it's a</p> <p>24 legal product in the U.S. Yeah, I think they</p> <p>25 need to. They need to find a home for it.</p>

40 (Pages 157 to 160)

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612.338.3376

Case 5:11-cv-04074-MWB Document 32-6 Filed 09/15/11 Page 9 of 16

Deposition of Lee, Charles R. - 9/7/2011
Syngenta Seeds, Inc. v. Bunge North America Inc.

Page 165	Page 167
<p>1 A. Uh-hum. 2 Q. And is that what you said? 3 A. Correct, yep. 4 Q. And let me ask you this again because it 5 seems to me in this article that you are 6 making a distinction between businesses that 7 export and the level of exports that they 8 have. Okay. So I heard you to say in answer 9 to my previous question that you thought it 10 needed to be accepted regardless of how much 11 a company exports. 12 A. Uh-hum. 13 Q. You seem to be making a distinction in this 14 article. 15 A. I think the distinction I made is that the 16 unreasonableness of Bunge given the fact that 17 only 30 -- I mean they're saying no way, no 18 how. I think Bailey Ragan's quote, "not a 19 kernel on any of our premises", yet my 20 discussion with Jim Siltzline says COB, who I 21 believe exports a lot higher percentage of 22 their material, said: You know, if a grower 23 comes in, we need to know that. We'll find a 24 home for Viptera. 25 So that's the distinction I see is</p>	<p>1 Now, we haven't picked all the corn 2 in the U.S. Right. So we're still starting 3 to pick corn that's out. So that event could 4 occur. But today I don't have incidence of 5 that, anecdotal incidence of that occurring. 6 BY MR. HOHN: 7 Q. Are you aware of one instance where a farmer 8 with a contract with Bunge was trying to 9 deliver its grain and was turned away because 10 they have Viptera? 11 A. Not that I know of, no. 12 Q. Are you aware of that happening with any 13 other company? 14 A. No. 15 Q. You say in this article, "Lee says a suit has 16 not been filed against Consolidated Grain and 17 Barge because exports are a very high percent 18 of its business and the company has been 19 willing to work with Syngenta to find 20 solutions for farmers on the issue." 21 Did I read that correctly? 22 A. Uh-hum. 23 Q. So is the distinction here -- you're not 24 making anything distinction between level of 25 exports though is what you've told me?</p>
Page 166	Page 168
<p>1 between the unreasonableness of Bunge and the 2 reasonableness of most other players. 3 Q. Any other players being unreasonable in your 4 opinion? 5 MR. BROWN: And I'm going to 6 object to the extent that that would call for 7 any attorney-client discussions or 8 communications. If you're asking for his own 9 opinion about unreasonableness -- 10 MR. HOHN: That's what I asked 11 for. 12 MR. BROWN: -- that's fine. If 13 you can answer without reference to any 14 attorney-client privileged discussions, you 15 can answer. 16 THE WITNESS: Yeah, so I don't 17 think -- we've had in no one else make those 18 kind of statements that said, you know, we 19 don't have with a kernel of this stuff. And 20 our anecdotal evidence says that if growers 21 call up and say: We have Viptera corn and I 22 have a contract with you, those 23 organizations -- I mean I haven't heard of 24 one case that they haven't been able to 25 accommodate the grower.</p>	<p>1 A. I was trying to make the point that there's 2 others that -- you know, like COB that has 3 much higher concentration of exports and they 4 seem to be able to make this work, you know, 5 the Viptera corn work in the system. So I 6 was trying to make the distinction that Bunge 7 should be to make this work. 8 Q. And what basis do you have to say that Bunge 9 should be able to make this work? 10 A. So certainly there's -- in the grain industry 11 today a standard practice segregates or 12 manages product today. Right. So they have 13 specialty corn. They have non-GM corn they 14 grow in the U.S. White corn. I mean so this 15 is a relatively normal occurrence and they 16 just adjust their practices accordingly total 17 manage those crops. So I think that, you 18 know, it's possible to do. 19 Q. It's possible to do? 20 A. Possible to do at every Bunge facility? 21 Maybe not every one. 22 Q. It's possible to do. And would you agree 23 with me that you would have to undertake the 24 kind of efforts to in advance work out what 25 you were going to accept, where you were</p>

42 (Pages 165 to 168)

Benchmark Reporting Agency
612.338.3376

Case 5:11-cv-04074-MWB Document 32-6 Filed 09/15/11 Page 10 of 16

Deposition of Lee, Charles R. - 9/7/2011
 Syngenta Seeds, Inc. v. Bunge North America Inc.

Page 189	Page 191
<p>1 A. Other than to record whether they're taking 2 Viptera grain or not. 3 Q. Do you have a chart or a spreadsheet or 4 something that shows who is, who isn't, 5 what's the current status? 6 A. Uh-hum. 7 Q. Okay. 8 A. So we're sharing that with growers. If the 9 growers call up and say: Bunge won't accept 10 my grain, we will try to help them find an 11 option. 12 Q. Have you given that spreadsheet to your 13 counsel for production in this case? 14 A. I believe so. But, again, I apologize if I 15 stand corrected on that. I mean it changes 16 every day because we get people that come on 17 it as we continue to work down the list. 18 Q. Okay. I don't think I've seen it. I don't 19 think it's been produced. I think that's a 20 responsive document. I guess I'll talk to 21 your lawyers about it. 22 A. Okay. 23 Q. Any other co-ops or grain handlers that you 24 can recall? I guess if we had your list, I 25 presume we could go down your list?</p>	<p>1 are wet millers telling you about reasons why 2 they don't want to take Viptera? 3 A. So they have concerns about gluten feed 4 export. So Europe is I think their concern, 5 the EU. 6 Q. And is there a domestic channel for wet 7 millers or is it just -- I mean you're going 8 to have to help me. 9 A. I don't know that market at all, the gluten 10 market. 11 Q. Okay. And you don't have any view as to 12 whether or not it is reasonable or 13 unreasonable for wet millers to refuse to 14 take Viptera? 15 MR. BROWN: And I'm going to -- to 16 the extent you can answer that question 17 without referring to attorney-client 18 privileged conversations or information, you 19 can answer. 20 BY MR. HOHN: 21 Q. As you sit here right now you don't have a 22 view one way or another whether it's 23 reasonable or unreasonable for a wet miller 24 to decline to take Viptera? 25 A. Again, I don't know that market. Like I</p>
Page 190	Page 192
<p>1 A. Uh-hum. 2 Q. Any others that you recall besides the one 3 that you've mentioned to me? 4 A. No, not that I can think of. I talked to 5 GPC. They're a wet mill, wet mills. 6 Q. And what's GPC's position? 7 A. So they're not taking Viptera because of corn 8 gluten feed for Europe. They have I think 9 two outlets. 10 Q. Do you take any issue with a wet corn mill 11 refusing to take Viptera? 12 MR. BROWN: Object to form and to 13 the extent it calls for a legal conclusion. 14 But if you can answer that without referring 15 to any attorney-client privileged 16 information, you can answer. 17 THE WITNESS: I'm going to have 18 difficulty answering that one without having 19 a discussion about attorney-client privileged 20 documents. 21 BY MR. HOHN: 22 Q. In your interviews with the various mills I 23 take it -- I mean it sounds like you're 24 hearing reasons from various ones as to why 25 they are or are not taking the grain. What</p>	<p>1 said, I don't how big it is. I don't know 2 where the gluten goes for sure. 3 Q. I mean if it's a big market in the EU and a 4 wet miller is trying to protect their large 5 market in the EU, would you say that's 6 unreasonable for the wet miller to not take 7 Viptera? 8 A. I already said I don't know the market. 9 Q. Okay. So you can't answer the question? 10 A. You're asking me to speculate. 11 Q. No, not really. I'm just asking you to give 12 me your opinion as whether or not it's 13 reasonable or unreasonable. 14 A. I said I don't know the market. 15 Q. Okay. So you don't know the market, so you 16 can't reach that conclusion as to whether or 17 not it's reasonable or unreasonable? 18 A. No. 19 Q. So the more you know about a particular grain 20 handler's market will affect at least Mr. 21 Lee's conclusion as to whether a decision to 22 take or not take Viptera is reasonable or 23 unreasonable? 24 A. I didn't say that. That's what you said. 25 Q. Okay. But do you disagree with that?</p>

48 (Pages 189 to 192)

Benchmark Reporting Agency
 612.338.3376

Case 5:11-cv-04074-MWB Document 32-6 Filed 09/15/11 Page 11 of 16

Deposition of Lee, Charles R. - 9/7/2011
 Syngenta Seeds, Inc. v. Bunge North America Inc.

Page 193	Page 195
<p>1 A. I don't know the gluten market. I don't know 2 where gluten goes off a wet mill. I'm not 3 even sure of the products that are produced 4 off a wet mill. 5 Q. Well, you're tying your opinions about 6 reasonable action to be based upon knowledge 7 about the market that a particular grain 8 handler is serving. 9 A. Uh-hum. 10 Q. Is that fair? 11 A. Absolutely. But that's course whole grains, 12 which are quite clearly No. 2 yellow corn. 13 Wet mills produce corn by-products. That's 14 their total output. And to me that's a 15 different kind of market. It's a secondary 16 product market that, you know, is less clear 17 to me. 18 Q. So it's less clear to you because to your 19 understanding they're serving an export 20 market that apparently they're trying to 21 protect by not taking Viptera? 22 MR. BROWN: Objection, foundation. 23 THE WITNESS: I'm not sure how 24 many of them serve an export market or not. 25 BY MR. HOHN:</p>	<p>1 unreasonably? 2 MR. BROWN: Objection to form, 3 hypothetical. 4 THE WITNESS: I mean I'm not sure 5 again I can answer that. 6 BY MR. HOHN: 7 Q. As you sit here right now you can't answer 8 that question? 9 A. I'd have to speculate. 10 Q. Okay. So you'd have to know more 11 information? 12 A. Uh-hum. 13 Q. Did you ask Bunge any detailed questions 14 about their contracts with China? 15 A. No. 16 Q. Did you have the ability to do that? 17 A. They never volunteered it, no. 18 Q. And you didn't ask? 19 A. No, nor did they volunteer it. 20 Q. Tell me about the issue with DDGs. Is that 21 dry distiller grains and solubles; is that 22 what it is? 23 A. Uh-hum. 24 Q. Do you call it DDGs? 25 A. Uh-hum. Typically referred to it as DDGs.</p>
Page 194	Page 196
<p>1 Q. Then how are you drawing the distinction 2 between corn by-products and whole kernel 3 corn? What's the distinction? 4 A. Basically Viptera is No. 2 yellow corn. You 5 know, we can understand that market, how it 6 moves, how corn moves into it, how it 7 originates. And the by-product market I'm 8 not very familiar with. 9 Q. Are you familiar with Bunge's market and its 10 contracts with its Chinese customers? 11 A. No, I'm not privy to that information. 12 Q. Would it affect your determination of 13 reasonableness or unreasonableness if you 14 knew what Bunge knows about its market for 15 corn to China? 16 MR. BROWN: Object to form. 17 THE WITNESS: I mean I don't know 18 that I can answer that. I mean I'd have to 19 see the documents I suspect. 20 BY MR. HOHN: 21 Q. Okay. So I mean if you understood what Bunge 22 understood about its own contractual 23 relationships with its Chinese customers, 24 that could affect your conclusion as to 25 whether or not Bunge is acting reasonably or</p>	<p>1 Q. I understand that Syngenta has referred 2 growers to channel their product if they're 3 going to deliver to an ethanol plant to ones 4 that don't serve China. Is that a fair 5 representation of what Syngenta has advised? 6 A. What we've said is you should call an ethanol 7 plant just like an elevator before you plan 8 to deliver. So we'd treat an ethanol plant 9 no different than any other grain originator. 10 So if you call, ask them if they're willing 11 or not willing to take Viptera corn. 12 Q. Have you advised growers to avoid ethanol 13 plants that export into China? 14 A. So we've advised growers to call any ethanol 15 plant they have a contract with or intended 16 on delivering. We have said in a letter that 17 there are ethanol plants that export DDGs to 18 China, yes. 19 Q. Is China a major importer of DDGs from the 20 United States? 21 A. Again I'm not certain of exactly what the 22 order, just like I'm not certain of the grain 23 ordering of who buys how many DDGs. So I 24 don't know that I could answer that. 25 Q. You can't tell me one way or the other</p>

49 (Pages 193 to 196)

Benchmark Reporting Agency

612.338.3376

Case 5:11-cv-04074-MWB Document 32-6 Filed 09/15/11 Page 12 of 16

Deposition of Lee, Charles R. - 9/7/2011
 Syngenta Seeds, Inc. v. Bunge North America Inc.

Page 245	Page 247
<p>1 A. Very similar, yes.</p> <p>2 Q. All right.</p> <p>3 A. And if they signed an NDA, we left this</p> <p>4 document with them.</p> <p>5 Q. Okay. NDA, non-disclosure agreement?</p> <p>6 A. Correct.</p> <p>7 Q. Have you provided a list of growers by name</p> <p>8 to any grain dealer?</p> <p>9 A. No.</p> <p>10 Q. I'll put my cell phone further away, if that</p> <p>11 works.</p> <p>12 Is that something you've offered to</p> <p>13 anybody, to see a list by name of growers who</p> <p>14 are growing Vipitera?</p> <p>15 A. No. So we consider that confidential --</p> <p>16 grower confidential information, right.</p> <p>17 Q. Even if a company were to sign an NDA, that's</p> <p>18 not something you're willing to provide?</p> <p>19 A. Correct.</p> <p>20 Q. Wouldn't a list by name assist a grain dealer</p> <p>21 in trying to assess whether or not that</p> <p>22 particular grain dealer had contracts with</p> <p>23 the farmers that were growing Vipitera?</p> <p>24 A. It could, but obviously that's confidential</p> <p>25 information, growers confidential information</p>	<p>1 anyway. It been a while ago.</p> <p>2 Q. I saw some reference to like a stewardship</p> <p>3 agreement. And maybe that was Enogen. Maybe</p> <p>4 it was something else.</p> <p>5 A. Yeah. So growers have to -- they have to</p> <p>6 comply with stewardship because any</p> <p>7 insecticidal trait like Vipitera or anybody</p> <p>8 else's that's an insecticide, the plant is</p> <p>9 actually a federally-registered pesticide and</p> <p>10 as such you have to comply to stewardship</p> <p>11 practices and those stewardship practices are</p> <p>12 really around the EPA's requirement for</p> <p>13 refuge management and so the grower has to</p> <p>14 plant a refuge. The refuge has to be a</p> <p>15 certain configuration. And that's to prevent</p> <p>16 resistance development of the insecticide</p> <p>17 within the corn plant. So it is a</p> <p>18 stewardship -- it is stewardship. It's what</p> <p>19 STEP teaches, but it stewardship for the</p> <p>20 trait rather than grain stewardship.</p> <p>21 Q. Okay. So is that something a grower has to</p> <p>22 sign when they buy Vipitera?</p> <p>23 A. They have to sign it sometime before --</p> <p>24 usually we try to get them to sign it before</p> <p>25 fall, right.</p>
Page 246	Page 248
<p>1 as to what he's purchased.</p> <p>2 Q. Are there standard contracts that are used by</p> <p>3 Syngenta when seed is being sold to farmers?</p> <p>4 A. They have to sign a trait license, right.</p> <p>5 Q. That's an agreement that's prepared by</p> <p>6 Syngenta that presumably Syngenta provides to</p> <p>7 the seed dealers who then has the grower</p> <p>8 sign?</p> <p>9 A. Correct.</p> <p>10 Q. And is there any provisions in the trade</p> <p>11 license that talk at all about GM approvals</p> <p>12 in various markets and how to channel a</p> <p>13 product, anything like that?</p> <p>14 A. No.</p> <p>15 Q. Are there any references -- well, strike</p> <p>16 that. Are there any other agreements or</p> <p>17 documents that a farmer must sign when</p> <p>18 they're purchasing Vipitera?</p> <p>19 A. Not other than an order form, sign their</p> <p>20 order ticket.</p> <p>21 Q. Has Syngenta used other form documents when</p> <p>22 it's sold other traits, like use Agrisure RW</p> <p>23 as an example?</p> <p>24 A. I don't remember documents outside of the</p> <p>25 trait license or -- I don't remember any</p>	<p>1 Q. Okay. So we've got the trait license which</p> <p>2 they would sign presumably when they pick up</p> <p>3 their seed.</p> <p>4 A. It's when they do the order ticket. It's</p> <p>5 usually right on the order ticket.</p> <p>6 Q. Okay. And it sounds to me like there's a</p> <p>7 subsequent stewardship agreement that would</p> <p>8 be executed by them?</p> <p>9 A. Correct.</p> <p>10 Q. Okay. Is there anything in the stewardship</p> <p>11 agreement that refers to isolation distances</p> <p>12 from other crops?</p> <p>13 A. No.</p> <p>14 Q. Is there anything in the stewardship</p> <p>15 agreement that refers to channelling the</p> <p>16 product into particular markets or not into</p> <p>17 others?</p> <p>18 MR. BROWN: Objection, foundation.</p> <p>19 THE WITNESS: No.</p> <p>20 BY MR. HOJIN:</p> <p>21 Q. Is there any reference in the stewardship</p> <p>22 agreement to anything about where the product</p> <p>23 has been approved or not approved?</p> <p>24 MR. BROWN: Objection, foundation.</p> <p>25 THE WITNESS: No.</p>

62 (Pages 245 to 248)

Benchmark Reporting Agency

612.338.3376

Case 5:11-cv-04074-MWB Document 32-6 Filed 09/15/11 Page 13 of 16

Deposition of Lee, Charles R. - 9/7/2011
 Syngenta Seeds, Inc. v. Bunge North America Inc.

Page 257	Page 259
<p>1 Q. And correct me if I'm wrong, but you weren't 2 certain if there was a record of what calls 3 were received and what the content of those 4 was?</p> <p>5 A. Yeah, certainly I'm sure there's a call log. 6 The question is I'm not certain how much 7 detail is captured on the call. The purpose 8 again of the call is to say if a grower calls 9 in and he says: I'm in York, Nebraska, or 10 I'm in Crete, Nebraska, and I normally haul 11 to Bunge, who may else I haul grain to Bunge 12 if won't accept my corn? And we'll say -- it 13 does a zip code search and says: Within this 14 radius of you there's these options. And so 15 we'll say: Call those potential locations. 16 Tell them you have Viptera and see if they're 17 willing to take the corn. 18 So we're not trying to represent 19 that they absolutely will take it.</p> <p>20 Q. You've got listed here "email issues box". 21 There's a separate E-mail -- 22 A. They can just E-mail, yeah. 23 Q. Okay. Similarly is some record being kept of 24 the E-mails received? 25 A. I assume so. I apologize, I don't run the</p>	<p>1 Bunge locations. I believe we had him talk 2 to the head of STEP. And I believe it was a 3 phone discussion, but direct phone 4 discussion. But I did tell Doug when he 5 called back that -- Doug said: You don't 6 need to visit any more Bunge locations. I 7 said: That's fine. But I said: We are 8 going to, you know, visit the locations 9 around your facilities because we believe we 10 need to find delivery points for growers that 11 Bunge looks like will reject. 12 And so he said he understood that. 13 So he understood we -- you know, he didn't 14 have any problem with us going ahead and 15 calling those locations.</p> <p>16 Q. Did you talk to Doug or anyone else at Bunge 17 in advance and tell them: Hey, we're going 18 to be sending out these people that are 19 employed by STEP to talk to you? 20 A. No, we didn't tell any of the grain companies 21 at all that we were going to do it. 22 Q. Why not? 23 A. I mean we were producing a list and, you 24 know, it was -- we didn't feel like we had to 25 talk to them necessarily.</p>
Page 258	Page 260
<p>1 call center piece of it. 2 Q. I didn't figure you did. 3 A. You could tell; right? 4 Q. What's the escalation plans that's referred 5 to? 6 A. So that's if we have growers that are upset, 7 which we have a fair amount per day like 8 that. Then we have a -- so these are 9 contractual people and their job is to screen 10 and provide information. They're not able to 11 handle an upset customer. And so we have an 12 escalation plan that who makes the calls to 13 the upset customers. We try to use if at all 14 possible internal employees to do that.</p> <p>15 Q. You've got a reference here to STEP, 16 "Educating and assessing grain delivery 17 locations and options". 18 A. Uh-hum. 19 Q. Is that what you communicated to Bunge the 20 purpose of your engagement of STEP was? 21 A. Yep. 22 Q. Did you tell Bunge anything else about what 23 the purpose of engaging STEP was? 24 A. So I did tell Doug McNeely -- he called and 25 he was concerned about STEP visiting the</p>	<p>1 Q. So STEP people were going out and talking to 2 senior Bunge people or senior elevator 3 personnel. You didn't feel the need to tell 4 Bunge or any of the other grain elevators you 5 were doing that? 6 A. No one else even called us about it other 7 than Bunge. 8 Q. Is the engagement with STEP that you provided 9 us -- and I'll show it to you in a minute. 10 A. Okay. 11 Q. But is the engagement that has been provided 12 to us regarding STEP, is that the only 13 agreement with STEP that Syngenta has? 14 A. No. They do the trait stewardship we spoke 15 of a minute ago, the education of growers 16 about how to manage resistance. They do that 17 training. And then they do grower 18 assessments. So did you plan a refuge, can 19 you prove to me you've complied with the 20 refuge. Because the BPA requires it. It's 21 part of our license or our federal 22 registration under FIFRA, the Federal 23 Insecticide, Rodenticide and Pesticide Act, 24 whatever it is. 25 Anyway, so as part of that we have</p>

65 (Pages 257 to 260)

Benchmark Reporting Agency

612.338.3376

Case 5:11-cv-04074-MWB Document 32-6 Filed 09/15/11 Page 14 of 16

Deposition of Lee, Charles R. - 9/7/2011
Syngenta Seeds, Inc. v. Bunge North America Inc.

Page 313	Page 315
<p>1 foundation.</p> <p>2 THE WITNESS: No, because we only</p> <p>3 sent those letters to the planters of</p> <p>4 Vipera. Obviously in our opinion some of</p> <p>5 the most negatively-impacted people are the</p> <p>6 people that didn't plant it that heard just</p> <p>7 the background information about, you know,</p> <p>8 the signs that Bunge put up.</p> <p>9 So every farmer that walked in a</p> <p>10 Bunge location saw a sign and they didn't</p> <p>11 know anything about Vipera and they never</p> <p>12 got a letter because they didn't plant</p> <p>13 Vipera.</p> <p>14 BY MR. HOHN:</p> <p>15 Q. Is there any way to track whoever that group</p> <p>16 of people is? Do you know if there's a group</p> <p>17 of people like that that exists?</p> <p>18 A. I would -- I'd have to speculate, but I would</p> <p>19 speculate it would almost be impossible for</p> <p>20 there not to be those growers.</p> <p>21 Q. But you are speculating that there's a group</p> <p>22 of growers like that?</p> <p>23 A. Uh-hum. I mean Syngenta sells in corn some</p> <p>24 7.3% of the market, right. So we are --</p> <p>25 well, with Greenleaf about 10.3. So we're a</p>	<p>1 Q. So you don't know as you sit here right now</p> <p>2 if there is this group of people who were --</p> <p>3 A. Well, we know they exist because we see the</p> <p>4 chat rooms of the major farm publications.</p> <p>5 We see them and they're making comments about</p> <p>6 Syngenta and about Vipera. So we know</p> <p>7 they're there.</p> <p>8 Q. And you know all those people in the chat</p> <p>9 rooms are people with whom you don't have a</p> <p>10 contractual relationship already?</p> <p>11 MR. BROWN: Objection to form.</p> <p>12 THE WITNESS: Well, some of them</p> <p>13 say they don't plant Syngenta corn, right.</p> <p>14 BY MR. HOHN:</p> <p>15 Q. Have you got a copy of the chat room chats?</p> <p>16 A. I mean we can go dig it up. I don't know if</p> <p>17 it's archived somewhere. I mean we'd have to</p> <p>18 ask those magazines if it's there.</p> <p>19 Q. Does somebody within Syngenta monitoring this</p> <p>20 and printing out the chats in the chat rooms</p> <p>21 and web postings?</p> <p>22 A. We usually get a phone call from a sales rep</p> <p>23 if there's a particularly bad one out there.</p> <p>24 That's how we -- we don't pull them down and</p> <p>25 print them off as far as I know, no.</p>
Page 314	Page 316
<p>1 relatively smaller player. So the majority,</p> <p>2 the vast majority of farmers don't plant</p> <p>3 Syngenta corn. And so, you know, every</p> <p>4 Bunge/CGB location that a grower walked in to</p> <p>5 saw and read a sign and that's their total</p> <p>6 perception of reality.</p> <p>7 Q. Absent them going on the Syngenta website or</p> <p>8 doing something else?</p> <p>9 A. They could do that, yes.</p> <p>10 Q. Yeah. So, again, you are speculating that</p> <p>11 there is some group of people who have been</p> <p>12 misled that haven't received the letter or</p> <p>13 letters that Syngenta has sent out?</p> <p>14 MR. BROWN: I'm going to object to</p> <p>15 form and mischaracterizes former testimony.</p> <p>16 THE WITNESS: I would find it very</p> <p>17 doubtful that there aren't those people and</p> <p>18 they aren't in fairly large quantities, yes.</p> <p>19 BY MR. HOHN:</p> <p>20 Q. Okay. But you can't put a number on it. You</p> <p>21 can't put names on it?</p> <p>22 A. Well, we might do a survey, as you suggested.</p> <p>23 That sounds like a really good idea actually.</p> <p>24 Q. That hasn't been done?</p> <p>25 A. No.</p>	<p>1 Q. So there's a sales rep telling that somebody</p> <p>2 said in a chat room something bad about</p> <p>3 Vipera?</p> <p>4 A. Uh-hum.</p> <p>5 Q. Okay.</p> <p>6 A. We'll go look at it, yeah.</p> <p>7 Q. Is anyone at Syngenta then keeping a record</p> <p>8 of these things?</p> <p>9 A. Not to my knowledge, no.</p> <p>10 Q. Okay. Can you as you sit here right now name</p> <p>11 one name of a person who you believe was</p> <p>12 misled by a Bunge posting?</p> <p>13 A. No, I personally can't do that. I correct</p> <p>14 that. So I talked to Brent Woodman. Brent</p> <p>15 Woodman is a farmer in Nebraska I spoke with</p> <p>16 I believe it would have been last week or</p> <p>17 early the week before. And he was calling.</p> <p>18 He knew me from being an agronomist. He was</p> <p>19 calling because he couldn't understand what</p> <p>20 the Bunge signs were and why they were there</p> <p>21 and had Syngenta done something wrong.</p> <p>22 Q. Did this person -- he just reached out and</p> <p>23 called you?</p> <p>24 A. Uh-hum, because he knows me, yeah.</p> <p>25 Q. Okay. And do you have any notes or anything</p>

79 (Pages 313 to 316)

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Case 5:11-cv-04074-MWB Document 32-6 Filed 09/15/11 Page 15 of 16

Deposition of Lee, Charles R. - 9/7/2011
Syngenta Seeds, Inc. v. Bunge North America Inc.

Page 321

1 STATE OF MINNESOTA

CERTIFICATE

2 COUNTY OF SCOTT

3 I, CINDY M. TRATTLES, hereby
4 certify that I reported the videotaped
5 deposition of CHARLES R. LEE on the 7th day
6 of September 2011 in Minneapolis, Minnesota,
7 and that the witness was by me first duly
8 sworn to tell the truth and nothing but the
9 truth concerning the matter in controversy
10 aforesaid;

11 That I was then and there a notary
12 public in and for the County of Scott, State
13 of Minnesota; that by virtue thereof I was
14 duly authorized to administer an oath;

15 That the foregoing transcript is a
16 true and correct transcript of my
17 stenographic notes in said matter,
18 transcribed under my direction and control;

19 That the cost of the original has
20 been charged to the party who noticed the
21 deposition and that all parties who ordered
22 copies have been charged at the same rate for
23 such copies;

24 That the reading and signing of the
25 deposition was waived;

That I am not related to any of the
parties hereto, nor interested in the outcome
of the action and have no contract with any
parties, attorneys or persons with an
interest in the action that has a substantial
tendency to affect my impartiality;

WITNESS MY HAND AND SEAL this 9th
day of September 2011.

Notary Public

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Case 5:11-cv-04074-MWB Document 32-6 Filed 09/15/11 Page 16 of 16

Case Number 2015L 001219

Transaction ID: 57889531

Date: Sep 18 2015 04:01PM

Mark Von Nida

Clerk of Circuit Court

Third Judicial Circuit, Madison County Illinois

EXHIBIT M

Syngenta 2010 Full Year Results

9 February 2011

Overview

Mike Mack

Chief Executive Officer

I. Preamble

Good morning, ladies and gentlemen. Today, Syngenta has announced a new strategy to deliver superior customer and shareholder value. We want to spend a fair amount of time today covering this in our presentations, which will unfortunately run a little bit longer than usual – 50 minutes. This is going to give you an opportunity though to hear from our two chief operating officers, John Atkin and Davor Pisk, whose responsibilities are being expanded now as part of this new strategy. In addition, of course, John Ramsay will be covering the 2010 financial performance in some detail, but before handing you over to John let me first set the context for today's announcements.

II. 2010 Industry Highlights

The first chart shows the global stocks-to-use ratio for the major crops, a ratio that is now familiar to anyone who follows agriculture but which unfortunately hasn't become any easier to predict. In the first half of 2010, crop prices traded within a very narrow range and at fairly subdued levels. Then in July came news of the damage to the wheat crop in Russia, followed in October by a dramatic downward revision by the USDA to US corn yield estimates. Although the stocks-to-use ratio today remains above its level three years ago, the recent rise in commodity prices shows just how fragile the supply-demand balance actually is.

The steepness of the reaction in crop prices has aroused concern in many quarters and has prompted remedial measures, from government restrictions aimed at shoring up national food supplies to attempts by financial market regulators to curb speculation. These measures, however, cannot alter the fundamental challenge of producing more food to satisfy growing demand in many emerging markets, particularly China, whose import requirements alone influence global commodity prices.

III. Grower Challenges

This global picture forms just a small part of the challenges facing growers. Yes, higher crop prices are good for the farmer, but over the last years growers have been dealing with greater volatility and, in some regions, the impact of financial instability on credit. In their immediate line of sight, they have the channel, particularly the grain traders, who can influence their access to market. Further down the value chain, retailers and consumers are concerned with the cost, quality, and availability of crops and produce. Governments and regulators are charged with monitoring safety and risk, and with ensuring food and energy security, and this can lead to additional requirements for growers. Finally, societal pressure, including from NGOs, focuses on environmental standards, often with a hostile bias toward intensive farming. So there is no doubt that for growers worldwide life has become a lot more complex.

Syngenta Full Year Results 2010

IV. New Strategy

And that's the starting point of our new strategy, which is to develop a fully-integrated offer on a global basis, comprehensively addressing grower needs by crop. We will seek not to just meet the needs of today's growers but also to anticipate those of the farmer of the future, bearing in mind that the farmer has a number of different faces and his or her own experiences differ markedly depending on the geography.

Our strategy is defined by three core objectives:

- Integrate;
- Innovate; and
- Outperform.

And I shall come back to these later on in the presentation.

We've been elaborating this strategy now for some time and it is already reflected in our Lawn & Garden business, and we're launching it from a position of considerable strength. We have consistently reinforced our leadership in Crop Protection and in 2010 gained share for the sixth consecutive year, as you can see on the chart. The size of our Seeds business has grown significantly as well over the last five years and in each of the last two years we have achieved a marked increase in profitability, underpinned by proven technology progress. As we look to meet the differing needs of growers worldwide with an integrated offer, we do so with long experience of tailoring solutions to local markets, and the development of our offer will be accelerated by leveraging a \$1 billion annual R&D spend.

The elements distinguishing Syngenta from its competitors in being able to pursue this strategy are shown here. They include our dedicated focus on agriculture and our broad crop exposure. We're number one or number two in all regions and in all Crop Protection product lines. In Seeds, we have the broadest scope to offer both proprietary traits and proprietary seed care alongside our leading germplasm. We will develop these strengths to combine chemical and genetic solutions, while also combining our commercial operations and enabling our sales forces to market complete portfolios. Let me know hand you over to John Ramsay for a review of the financial performance in 2010. John.

Syngenta Full Year Results 2010

Financial Performance 2010

John Ramsay
Chief Financial Officer

I. Preamble

Well, thank you, Mike, and good morning. I am pleased to present results which, notably in the second half, demonstrate a very strong business performance, including record cash generation.

II. Financial Highlights

For the full year 2010, sales were 4% higher at constant exchange rates with a 9% increase in volume, partially offset by a pricing decline of 5%, primarily due to the competitive pricing environment for Crop Protection in North America. EBITDA increased by 3% at constant exchange rates to \$2.5 billion. After taking account of higher depreciation and amortisation, operating income was unchanged at \$1.97 billion, in line with our target which we set at the half year. Earnings per share increased by 2% with a slightly lower tax rate more than offsetting higher net financial expense.

Due to a significant reduction in the level of investment in trade working capital, our free cash flow reached a record level of \$1.1 billion. In recognition of our consistently strong cash position and confidence in our future financial performance, we will be implementing a new cash return policy which will prioritise dividend growth. On this basis, we will increase the proposed dividend by 17% to CHF7 per share. In US dollars, the increase will be around 30% at current exchange rates.

And following a recent change in Swiss tax law, we will be proposing to the AGM in April to make the payment this year from our share premium reserves or AGIO as it is known in Switzerland, which enables the dividend to be paid free of withholding tax. The dividend would also be exempt from income tax for Swiss-resident individual investors holding Syngenta shares as private assets. And, finally, our return on invested capital after tax exceeded our 20% target for the sixth successive year and we will now be moving to a new return-on-capital measure, which I shall come back to later.

III. Reported Sales Progression

Turning now to look at the evolution of reported sales, you can see the positive volume impact of close to \$1 billion. Over 80% of this volume growth in both Crop Protection and Seeds was from emerging markets and year-on-year volume growth in these markets was around 18%, demonstrating the strength of demand and the return on our continued investments. The strong volume performance was partially offset by Crop Protection pricing. A lot was said about this at the half year but I will come back to pricing in more detail in a moment. You can also see from the slide a favourable impact of 2% from currency and this was primarily from the Canadian, Australian, South Korean, and Eastern European currencies, which appreciated by more than 5% against the US dollar.

IV. Crop Protection Performance

The next few slides show in more detail the performance of our Crop Protection business. Sales at constant exchange rates were 3% higher at \$8.9 billion. Volumes were up 9% for the year and up

Syngenta Full Year Results 2010

18% in the second half with growth in all regions. Latin America delivered full year volume growth in excess of 25%, bringing the region close in size to that of North America. Likewise, emerging Asia continued to perform extremely well with double digit growth being achieved for the fifth successive year. Despite a difficult year in Eastern Europe, which was largely characterised by the severe drought, we achieved volume growth of 7%. In the developed markets, North America has seen fungicide adoption at close to 2008 levels, with sales volumes up by over 20%.

Prices for the full year were down by 6%, largely driven by high opening channel inventories and competitive pricing actions in North America. EBITDA of \$2.2 billion represented a margin of 24.7%, around 2% lower than last year. Of this, currency reduced the margin by 60 basis points, but the major impact came from lower prices, partially offset by raw material savings. During the year, we continued to invest in emerging markets, as well as in R&D and technology platforms as the fundamental building blocks to our new operating model, while maintaining tight control over the remainder of our cost base.

V. Crop Protection: Volumes Rebound

As this slide shows, we have capitalised on improving market conditions in the second half of the year. Following the low consumption levels in 2009, we have progressively delivered significant volume growth since quarter two 2010. General market sentiment has continued to improve, but the second half volume growth was particularly driven by strong emerging market performance, particularly in Brazil, Argentina, and Asia. Volume gains in both the third and fourth quarters were 18%. Volume growth more than compensated for lower prices.

The competitive environment in the first half of 2010 has remained confined largely to North America. The rate of price decline has diminished since the second quarter and pricing remains positive over the three-year period. Where appropriate for the forthcoming season, we have been putting in place selective price increases and we will continue to target price increases in 2011, but this will be dependent on the competitive environment. In quarter one, we will continue to report lower price variances compared to 2010 as current pricing will be compared to the situation last year before lower pricing took effect.

VI. New Products Performance

Moving now to look at the performance of our new products launched since 2006. Sales rose 25% versus 2009 to \$400 million with compound annual growth of 56% over the four-year period. Following its launch earlier in the year on corn in the US and cotton in Brazil, our nematocidal seed treatment, Avicta, has now received regulatory approval for use on soybeans in Brazil and will be launched there in 2011. The cereal herbicide, Axial, continued to show strong volume growth in Canada. In addition, launches in France and Russia underpin the importance of this product.

Durivo continued its strong performance with sales up almost 140%. Its continued success on rice and vegetables in Asia has been further complemented by a launch on corn and soybean in Brazil. Revus continues to expand globally, now being used in more than 50 countries. Most recently, as part of an overall increased US fungicide usage, we have seen expanded uptake on vegetables. Isopyrazam was launched in quarter two on UK barley; early initial feedback is extremely positive with regards to both disease control and greening effects.

VII. Seeds Performance

Now moving on to look at the Seeds business performance. Seed sales increased 8% to \$2.8 billion, now representing close to 25% of our total business, and, adjusted for advance corn

Syngenta Full Year Results 2010

and soybean sales in quarter four 2009, growth was 14%, driven by volume and portfolio mix effects. The emerging markets generated volume growth in excess of 20%, with Asia Pacific and Eastern Europe particularly strong. In diverse field crops, we drove organic growth as well as fully captured the benefits from the integration of our recent sunflowers acquisition. Vegetables growth was across all product lines and particularly in the US and Asia, where our tomato, melon, and sweetcorn sales performed well.

Corn and soybean sales were up 4% or 16% after the advance sales adjustment. Corn performed particularly strongly due to our increased triple stack penetration and new product launches, and quarter four saw significant cash advances and pre-orders, underpinned by the improved performance of our products. EBITDA increased significantly and the margin rose from 10% in 2009 to 12.7%. The overall improvement in margin reflects the success of our portfolio transition. In 2010, we have demonstrated improved germplasm performance and triple stack penetration is now equivalent to market levels. The expansion of gross margin due to the favourable mix effect has allowed us to continue to increase R&D investment while delivering higher returns and we are firmly on track with our targets in terms of both portfolio and profitability.

VIII. Operating Income

The next slide shows you the progression of our operating income. Operating income remained broadly flat year-on-year, but within the year we had large impacts from volume and price. And, as you can see, gross profit from volume at close to \$500 million nearly offset the negative price impact. The effect of price was the major driver of the decline in margins as we were only able to partially offset the impact through lower raw material costs. We continued to make important investments in emerging markets, research and development, and information systems, which are fully aligned with the evolution of strategic direction being outlined today, and we continue to exert close control over our remaining cost base. As you will notice, currency had a minimal impact on our operating income and I'd now like to move on to the next slide to look at the currency in more detail.

IX. Currency Movements

As we saw in the previous slide, our bottom line currency impact for the year was flat. First half currency gains were eroded in the second half due to the effect on our cost base of significant strengthening of the Swiss franc versus the dollar. The Swiss franc appreciated around 16% in the second half and, in addition euro volatility throughout the year, worked against us. Our operating cost base is approximately 15% Swiss-franc-denominated with very little sales revenue offsetting it. Overall, we continue to hedge, with hedging levels at around 75% of our overall exposure. In 2011, I would expect the currency impact, based on current exchange rates, after hedging, to be around \$75 million negative, coming primarily from our Swiss franc exposure.

X. Net Income

Looking now at the lines between operating and net income. Net financial expense and tax together were overall similar to 2009, and net financial expense of \$140 million was up by \$19 million. Our overall tax rate was lower at 17% and, as well as our continued tax optimisation efforts, higher profitability in Brazil enabled us to realise a deferred tax asset, while lower pricing in the US reduced taxation in a relatively high-tax jurisdiction. In 2011, I would expect the tax rate to increase to around 20%. Net income was broadly flat and earnings per share excluding restructuring were 2% higher. In future, when we refer to net income, this will be after all charges, including restructuring and impairment, as reported under IFRS. We will continue to reference

Syngenta Full Year Results 2010

EBITDA and earnings per share excluding restructuring to ensure that underlying trends in business performance are understood.

XI. Free Cash Flow

Turning now to look at cash flow. Free cash flow reached a record \$1.1 billion, and this was achieved after a \$200 million discretionary contribution to the employee pension schemes. Our major pension schemes are now fully funded. Working capital levels remained broadly flat year-on-year; continued close attention resulted in a significant improvement in the second half. Both inventory and receivables reduced as a percentage of sales, reflecting our ongoing rigorous credit management and our determined action on inventories in the second half. Capital expenditure levels were lower than 2009 as we completed our capacity expansion. Financing and tax expenses remained at a similar level to 2009.

We expect strong cash generation to continue as an ongoing feature of our business, and this allows us the flexibility to enable the move to our new progressive dividend policy, which I referred to earlier, as well as to continually seek out acquisitions.

XII. Key balance sheet ratios

Strong cash generation has contributed to the maintenance of solid balance sheet ratios. A rigorous management of trade working capital resulted in a 3% reduction from 2009, exceeding our 2% target. Net gearing is significantly below last year and this lower ratio creates the potential for us to further increase the cash return to shareholders, as we have demonstrated today through the proposed substantial dividend increase and a planned further \$200 million share repurchase in 2011. Our return on invested capital, although slightly down on last year, remains consistently above our 20% target for the sixth successive year.

XIII. Integrated Business Model: Efficiency Gains

I would now like to share with you the expected efficiency benefits of the new operating model that we are outlining today. We are projecting savings of \$150 million from our new integrated organisation structure, which Mike will introduce in more detail shortly. \$300 million is targeted to come from integrating supply chain activities across our Crop Protection and Seeds businesses and capitalising on our current systems investment, and, finally, a further \$200 million from improved efficiency in our procurement activities, again facilitated by organisational alignment and systems investment.

The benefits will be delivered through a combination of SG&A and COGS savings, as shown on the chart. To deliver the \$650 million of savings by 2015, we anticipate restructuring costs in the range of \$400 million, the majority of which will occur in 2011 and 2012, and the 2011 income statement charge related to this restructuring programme will be around \$175 million. And given the strong foundations which we have in place today, we are confident in achieving the desired savings within the timeframe outlined whilst, at the same time, ensuring that we continue to capture growth opportunities. This will underpin our business performance over the next few years.

XIV. Financial Objectives

And, finally, I would like to conclude with an overview of our new financial objectives, upon which we will be measuring our performance in the coming years. Our future financial targets will be based upon three key measures:

Syngenta Full Year Results 2010

- EBITDA margin;
- Cash flow return on investment; and
- Cash return to shareholders.

These measures take account of our new operating model, which we are introducing today, and our confidence in its potential for strong cash generation. We will be targeting an EBITDA margin of 22% to 24% by 2015, thereby reflecting our continued commitment to profitable growth. We will introduce cash flow return on investment as a new measure, targeting to maintain a level in excess of 12%, which we have achieved in 2010, and represents a commitment to continue strong cash generation at attractive levels of return on investment. You can find the calculation of this figure in this morning's press release.

As I have previously referred to, our final objective is to continue to return significant cash to shareholders and this will be through a cash-return policy which prioritises dividend growth. Share buybacks will be used only tactically when the balance sheet and acquisition outlook allows. And with that, let me hand you over to Mike, who will describe in more detail our new operating model.

Syngenta Full Year Results 2010

New Operating Model

Mike Mack

Chief Executive Officer

I. Three Core Objectives

Thank you, John. Let me now lay out to you our three core objectives.

1. Integrate

Integrate means a unique offer in the field combining Crop Protection and Seeds, marketed by commercial teams which will be fully integrated by the end of 2012. This integrated model will yield the cost savings, supplemented by supply chain and procurement savings, that John just mentioned.

2. Innovate

We will innovate through a powerful R&D platform, combining chemical and biological knowledge. Our definition of innovation though goes beyond products to encompass new markets and new go-to-market models, and John and Davor will be showing you some examples in just a moment. We will leverage the value of our R&D investment by entering into partnerships and collaborations in targeted areas.

3. Outperform

Outperform: we define this in financial terms, as John has described, with, in addition, a business objective of growing our combined global market share by an average 0.5% a year. This is from a total market share of 15% to date. By generating above-average growth while maintaining a high level of profitability, we will sustain strong cash generation, enabling us to continue our record of returning cash to shareholders.

II. Integrated R&D Platform

Technology lies at the heart of the strategy and this is how our formidable R&D engine will work going forward. We've identified the customer needs you see listed along the top of this chart and we will seek to address them through the technologies you see listed on the left, to which we will add tools in adjacent areas, such as water and nutrient usage. All the while, we will look at this through the eyes of the grower, as well as those of the scientist – not simply what is possible but also what needs to be done.

III. New Commercial Organisation

Let me now show you the new top-level organisation for our company. The organisation is based on regional responsibilities, with the regions divided into territories having a strategic crop focus. Each region will have two heads, one from Crop Protection and one from Seeds, reporting to John or Davor. All of the regional and territory heads have already been appointed. John Atkin will continue to oversee the performance of Crop Protection and will, in addition, assume cross-business executive responsibility for the regions Europe, Africa, and Middle East (EAME),

Syngenta Full Year Results 2010

and Latin America (LATAM). He will also have global strategic responsibility for cereals, soybean, sugar cane, and specialty crops.

Similarly, Davor Pisk will continue to oversee Seeds performance while assuming cross-business executive responsibility for the regions North America and Asia Pacific. Davor will have global strategic responsibility for corn, diverse field crops, rice, and vegetables. The overlap between the regional and crop responsibilities will, I think, become clear to you in the following presentations. So let me now hand you straight away over to John Atkin. John.

Syngenta Full Year Results 2010

EAME and LATAM Regions and Crop Protection

John Atkin

Chief Operating Officer, Crop Protection

I. Preamble

Thank you, Mike. Good morning, everybody. I'll begin with an overview of the two regions I'll be responsible for. This will also incorporate information on some of the crops I'll lead. I'll then conclude with an update on our biggest Crop Protection products. As Mike said, I'll continue to oversee CP performance globally.

II. LATAM Market Opportunity

So, firstly, Latin America. The charts show you the size of each market segment and our respective shares. We have a leading position for the combined business with a 21% share. We're number one in crop protection in most territories and in seeds we are progressing rapidly with our high-quality germplasm on soybean and corn, and in corn we're benefiting from the traits developed for our North American business.

With accelerating technification, the seeds market is set to expand rapidly in Latin America. When Davor describes North America, you'll see what happens when a seeds market technifies. In the United States, it is bigger than the crop protection market. Sugar cane is a prime example of the lack of development in non-soybean crops. We've got breakthrough technology to change this, of which more in a moment. Now underpinning all these opportunities is strong financial risk management, a feature of our rapid expansion in Latin America to date.

III. Transforming the Business Model in Brazil

Brazil is by far our largest territory in Latin America and our second most important country after the US. It's been the first to achieve full commercial integration and this has been an important part of our preparation to integrate our businesses across Syngenta. The diagram on the slide shows you how we went about the transformation. The concept was carefully prepared in 2008 and was implemented in 2009. We have introduced a consolidated management structure and integrated the Crop Protection and Seeds sales forces. Customers are served by a single salesperson with a combined offer. This has meant building broad knowledge of technology and agronomics in the sales team, and it's also meant a redesign of the supply chain and, critically, a significant cultural change. The results were already visible in 2010.

Our Seeds business is clearly benefiting from a strengthening of the sales resources behind it and, importantly, we're also now starting to see the potential for enhanced growth in Crop Protection as a result of the integrated offer. The compelling point is that we now have a unique value proposition for customers that will enable us not only to continue our history of market share gain in Brazil but also to expand the size of the market.

Syngenta Full Year Results 2010

IV. Brazil soybean

Now, I'm not going to dwell on this slide, but I would ask you simply to read this independent testimony from a soybean grower in Parana state. He used our integrated offer to achieve a Brazilian-record soybean yield of more than 6,500 kilograms per hectare, an increase of 50% over his previous average. This was one in a series of 9,000 demonstrations of our integrated technology in soybean and corn. Over 90% of these test plots showed increases over standard programmes. This confirms the customer benefits of our technology and the terrific potential we have to expand our business.

V. Brazil: Proven Growth Potential

This slide illustrates the strong performance we've already built in Brazil. Growth has been driven largely by our market-leading Crop Protection business and we plan to continue to grow share in CP through portfolio innovation and effective management of post-patent products. This is complemented by the accelerating growth in Seeds and our integrated strategy will help us capture this value shift to Seeds as GM technology expands that I referred to earlier on. Share gains will come from broader territory coverage and further trait launches, such as the triple stack we announced earlier this month, the first product of its kind in Brazil, and, most importantly, the attraction of our combined offer to growers, as I illustrated on the previous slide.

VI. Plene in Sugarcane

The implementation of our strategy is going beyond synergies between Crop Protection and Seeds. We are producing completely new technology from the integrated R&D approach which Mike showed you. This year, we are launching Plene, a new way of planting sugar cane with the first ever integrated mechanised planting system. You see the planter on the photograph; it has been specially developed with John Deere and has attracted great interest, as you can see from the number of people riding on this, one of the first examples. It includes me in the white shirt on the right-hand side. This technology has the potential to transform the way sugar cane is produced. Prior to launch, we've already received \$300 million worth of orders from sugar mills and we're finalising long-term contracts.

We now estimate peak sales potential at over \$500 million dollars, up from our previous estimate of \$300 million. These photographs show you how Plene addresses multiple challenges. The offer involves planting four-centimetre cuttings of sugar cane. In the conventional system, cuttings are 10 times that length. The process therefore requires less equipment; is faster and more efficient. Smaller cuttings allow minimum tillage, which means better soil preservation. There are social benefits too. The existing system requires a lot of manpower working in uncomfortable conditions. With Plene, working conditions are vastly improved, workers become more skilled, and farmers don't need to find as many seasonal workers in a local economy which has other opportunities for the workforce.

VII. EAME Market Opportunity

In Europe, Africa, and the Middle East, our combined market share stands at 18% in what is our biggest and most diverse region. In Eastern Europe, an important growth driver, we are the market leader with a share of over 20%. In Seeds, we have broad strength, including sunflower, corn, sugar beet, and, of course, our leading vegetables business. Seed care is also a strong and developing part of our portfolio. Less well-known is our breeding expertise in cereals, the most important crop in Europe. We are exploiting this through our integrated strategy. In vegetables and specialty crops, including potatoes and fruit, we enable growers to increase yield and quality as

Syngenta Full Year Results 2010

well as respecting the protocols set by the value chain. This is increasingly important to retailers and consumers.

VIII. Strategies for Share Gain

The next chart shows you that our sales have grown significantly across the region, most strongly in the emerging markets, where they have almost tripled. This reflects the ongoing expansion of the range, a focus on the large farms which are driving modernisation, and the successful management of credit risk. In West Europe, we have continued to innovate with three new chemistries introduced since 2006 and Sedaxane is due for launch next year. This is vital to exploit a market that is always evolving, particularly driven by disease resistance, and we've got a broad Seeds portfolio, which we have successfully developed through our own breeding as well as acquisitions, notably in vegetables and sunflower.

By integrating our businesses, we are creating new potential in markets that might otherwise have been seen as mature.

IX. Italy: enhancing competitive position

Italy is an example; here a new structure has already been established. We are leveraging the power of our combined field force to service customers to launch our high-quality seeds in the corn market. The results have been immediate and striking. We achieved a 2% seed share gain in 2010 and also a reinforcement of market awareness of Lumax, our leading corn herbicide, which in turn led to increased market share.

X. Ukraine: significant integrated growth potential

In Eastern Europe, the integration process will enable us to build on a strong growth dynamic. Ukraine is an excellent example: the market already reached \$650 million in 2010 and we expect it to double again by 2020. And here we have an outstanding record of 30% compound annual growth. We are further expanding the Crop Protection range with new launches from our own portfolio and through a distribution agreement with Dow AgroSciences. We've started to combine this with our strong Seeds portfolio and are conducting integrated trials with our key agro-holding customers. Drawing on our experience in Latin America, we're underpinning expansion with local risk management and can report that in 2010 we collected 98% of receivables and conducted around 20% of our sales through barter agreements.

XI. European Wheat

Now, as Mike explained, I have cross-business responsibility for certain crops including cereals, the leading European crop. Although the value of the wheat seed market is currently low due to the high proportion of farm-saved seed, when growers do purchase seed they're looking for high performance. Our brands Gallant and Denman are widely recognised for their different output qualities, and to maximise their potential we have a programme of Crop Protection products. This includes Cruiser seed care for bigger roots and enhanced vigour and our leading plant growth regulator, Moddus, addresses one of the most critical issues farmers face today. It improves water and nitrogen-use efficiency, which helps to optimise fertiliser use and provides environmental benefits. Finally, our star product, Amistar, is a critical component of our crop-enhancement offer with proven benefits in yield and grain quality.

Syngenta Full Year Results 2010

XII. Amistar

So now switching to my overall responsibility for Crop Protection business performance, I now update you on Amistar, which achieved record sales of \$1.2 billion in 2010. We saw significant growth across all crops following the opening of new capacity in May. This capacity has also enabled us to sign supply agreements with a number of third parties, which will account for around 15% of total molecular sales. Most importantly, our own-branded sales will continue to grow with increasing development of mixture products allowing to us maintain a gross margin that is above average for our portfolio.

XIII. Amistar new initiatives

Amistar growth will be particularly strong in the emerging markets – focus is Asia Pacific, where sales in 2010 exceeded \$120 million. The rapid growth achieved reflects the terrific potential this product has to improve yields and quality of crops ranging from rice in Vietnam to chillies in India, which you see in the picture. It's important to point out that farmers greatly appreciate these effects because their income increases and this in turn benefits the rural community.

XIV. Thiamethoxam

Turning now to Thiamethoxam, the other compound for which we have expanded capacity. As you can see from the top chart, it is used in an increasing number of our products, driving volume growth of 18% in 2010. The number of crops is expanding too and further growth will come from new mixtures and from crop-enhancement opportunities in both developed and emerging markets.

XV. Crop Protection Pipeline

We've updated our Crop Protection pipeline to show you the potential of each product by crop. The near-term pipeline for launch over the next four years has a value of more than \$1.5 billion. As I said, the potential for Plene to be launched in 2011 has expanded. We have moved the timing for the full launch of Invinsa back. The granular product we test marketed in 2010 is not yet sufficiently reliable. We remain convinced that this technology has high potential and the focus is now on developing formulations which will have broad market potential.

XVI. Pipeline post 2014

Products to be launched post-2014, shown on the slide, bring the total pipeline value to \$2 billion. The split of potential sales by crop foreshadows the way we shall be presenting our combined pipelines in the future.

XVII. Sustained Value Creation: Wheat

Let me show you wheat as an example. In the left-hand side of the chart, you see our current offer in wheat combining Crop Protection, Seed Care, and Seeds. Total sales are in excess of \$1 billion. In the middle horizon, you see new products to be launched over the next five years and also integrated growing solutions, programmes which will contribute to increasing sales to around the \$1.5 billion mark. The late-stage pipeline includes significant advances in Seeds technology and further exploitation of the chemical genetic interaction which underlies our crop enhancement strategy. At the capital markets days, which we are holding this summer, we shall be presenting combined pipelines for all our key crops to reflect the way we are now looking at the business. But in the meantime, let me hand you over to Davor for a review of the other regions and crops.

Syngenta Full Year Results 2010

Asia Pacific and North America Regions and Seeds

Davor Pisk

Chief Operating Officer, Seeds

I. Preamble

Thank you, John. Good morning. I'm going to talk now about Asia Pacific and North America, two regions at very different stages of agricultural development.

II. Asia Pacific Market Opportunity

US corn yields, for example, are twice those in China. Throughout emerging Asia, there is a drive to increase productivity and this is a large part of the opportunity for Syngenta. The fragmentation of the market is another feature. Our combined market share in Asia Pacific of 9% looks low compared with our share elsewhere, but we hold leading positions in both Crop Protection and Seeds. In the emerging countries, about 80% of the crop protection market is divided amongst numerous generics companies and, as governments have become more focused on agriculture, we are seeing increasing scope to substitute their products with our own high-performance chemistry.

Adoption of seed care, which is something generics have been unable to offer, is another opportunity. We're bringing chemicals together with a high-quality seed offer to spearhead the drive to increase productivity in rice, as I shall show you in a moment. We're also rapidly developing complete solutions for vegetables and are expanding our corn franchise with the success of our tropical corn germplasm, which is well adapted to regional needs.

III. Asia Pacific: Strategies for Growth

In the developed markets, our focus is on maximising high margins in Northeast Asia and on expanding the portfolio in Australasia while managing the sales volatility that inevitably comes with the extreme climate conditions there. In emerging Asia Pacific, as I just mentioned, there is scope for substituting generics and we are exploiting that opportunity with our local manufacturing presence in both China and India, which enables us to offer competitively-priced products. This is being complemented by unique go-to-market strategies that raise awareness of the potential of modernisation among growers. Our expansion in rice began with Crop Protection products, such as the fungicide Score, and has accelerated with the launch of Virtako insecticide. We're now also building strength in hybrid seeds. With 90% of the world's rice grown in Asia, a focus on this crop is vital to our regional strategy.

IV. Rice Cultivation

Despite its importance in the region, rice cultivation is still largely underdeveloped. These pictures show a traditional paddy field where water is inefficiently used not only to enable crop growth but also for weed control. Planting is carried out by hand using low-value seed and commodity chemicals with the result that average yields are only around 40% of potential.

V. Tegra: Integrated Rice Programme

Syngenta has launched a response to these challenges and the photographs on these slides illustrate the difference in terms of the way the rice seedlings are grown and planted. The Tegra programme

Syngenta Full Year Results 2010

in India offers growers high-quality seedlings protected with Cruiser and delivered in trays, which are then mechanically transplanted. The grower is also supplied with a customised agronomic protocol to cover all aspects of crop care during the growing season. The process ensures that water is used much more efficiently. As shown in this chart, across a number of trials in India the average yield gain is 30%, to which the grower can add labour savings, simplicity, and mitigation of the risk of a lost crop, which can be devastating for local communities. We have already started to make sales of the Tegra programme and over time we expect it to help growers double their yields with more sustainable rice-growing practices.

VI. Vegetables: Global Growth

Turning now to vegetables and another important market in Asia, but one which also continues to expand in developed markets as consumers aspire to healthier lifestyles and ever greater choice and variety. This is reflected in the growth of our developed market sales, as you see on the chart, although the spectacular growth in emerging markets means that they now account for over 40% of our combined sales. Vegetables represent the second largest input market after corn, with high-value seeds and high fungicide and insecticide requirements. Our strength in all these areas gives us the ability to offer integrated technology in the form of grower-focused protocols, which we will market through our combined field force. We are increasing our downstream engagement with the food chain in order to further tailor our solutions to meet end-user needs.

VII. Integrated Vegetables Offer in Asia Pacific

China accounts for around half the world's vegetables production and it is one of the markets contributing to the rapid growth in our emerging market sales. The scale of production is illustrated by the expanse of plastic tunnels on this photo from Shandong province. Each one of these tunnels typically represents a family farm. In these intensive vegetable-growing areas, we have a significant opportunity to expand further our already fast-growing business through the integration of Crop Protection and Seeds. Our Seeds sales force already has direct access to around 10,000 farmers, while our Crop Protection products are sold in 7,000 retail stores. We will now begin to propose complete solutions for vegetables to both customer bases, bringing together Crop Protection, Seeds, and the agronomic expertise of our teams.

VIII. Integrated Vegetables Offer in Europe

The same principle is being applied in Europe, where we are starting to integrate our offer in order to expand our combined market share. The example shown here is from Spain, where we have developed a programme for pepper growers which also includes biological controls. These are beneficial insects sold through our Bioline business and used for pest control in greenhouses as part of integrated protocols to minimise residues. Our sales team offers crop monitoring and advice throughout the season and we have seen our Seeds sales triple as a result of the programme, with our share of overall grower spend up by 20%.

IX. North America Market Opportunity

Moving on now to North America, with a particular focus on our performance in corn, and here, as John said, you can see just how large a technified seed market can become. Our combined market share for all crops in the region is 15%, with consistent share gain in Crop Protection and a Seeds platform that has been growing in strength and achieved share gain last year. Resistance management represents an ongoing challenge in intensively-grown crops and one which we are addressing through combinations of crop protection and traits. Overall, growers are facing increased complexity in choosing between technologies. Our aim is to provide a comprehensive

Syngenta Full Year Results 2010

offer, tailored and priced to differing needs with complete agronomic support behind it. By doing so, we will also create value for retailers operating in a highly-competitive market.

X. Integration Potential in US Corn

The development of our US corn portfolio means that we are now uniquely placed to compete in this market. We have seen a step change in germplasm performance and now command a full proprietary trait portfolio with evidence of yield outperformance against competitor products. We're able to complement our seeds and trait portfolio with proprietary seed care with a track record of innovation. The integration of our sales force will allow us fully to leverage our portfolio, building on the strong reputation of our Crop Protection products among retailers to further grow our seed sales. We are quite simply in a position to offer the best solutions in corn.

XI. Triple Stack Performance

When we reported our third quarter sales, we showed you a chart equivalent to one on the slide, which gave performance data for the first harvested 20% of field trials. I'm pleased to report that the final data shown here confirmed the improvement in our germplasm performance across all maturities. This is attributable to new combinations arising from the pooling of germplasm from the two companies acquired in 2004 and to an acceleration of trait stacking to bring a full trait offer into top-performing hybrids. These products will account for more than 40% of the total in 2011. The performance of our portfolio is becoming more widely recognised and we're targeting further share gain this year. It is also giving rise to new licensing opportunities, as demonstrated by the recent agreement to license our corn rootworm trait, MIR604, to Pioneer for payments that could exceed \$400 million.

XII. Agrisure Viptera

Agrisure Viptera is a key component of our proprietary trait offer and is being launched in the current season largely in combination with the triple stack. In the top graph, you can see its yield advantage, between nine and 12 bushels per acre versus competitor products targeting the same pest spectrum. In the lower chart, we have compared the performance of our triple stack containing Viptera versus the same product without it, looking specifically at zones of heavy pest pressure such as the South, where we have been granted refuge reduction from 50% to 20%. The average benefit is 14.4 bushels per acre, and in extreme cases the benefit is almost 42.

Viptera was also launched in Brazil at the end of last year as a single trait and in the next season will form part of a triple stack offer following regulatory approval received last week.

XIII. Agrisure E-Z refuge

The next stage in our trait pipeline progression will be the introduction of further refuge stacks in time for the 2012 season, with a focus on refuge-in-the-bag solutions. With Agrisure 3122, we're targeting 5% refuge-in-the-bag, above and below the ground in the Corn Belt. At the same time, in areas where coleopteran pressure is low but lepidoptera pressure is high, we will launch an above-the-ground stack including Viptera. In 2014, we plan to launch an above-and-below-the-ground stack with Viptera containing our new next-generation rootworm trait.

XIV. Corn Seeds Pipeline

Refuge reduction forms part of our corn pipeline as you have been used to seeing it, with a total value of more than \$2 billion. It includes the solutions for insect control or biotic stress already

Syngenta Pull Year Results 2010

discussed, water-optimisation and nitrogen-use traits, and output traits such as Enogen, which improves the efficiency of ethanol production.

XV. Soybean Seeds Pipeline

If you add to that our soybean pipeline containing both native and GM traits, you have a combined value of over \$2.7 billion. This underpins our intention of gaining market share in North America while selectively rolling out traits in Latin America and building on our global germplasm strength.

XVI. Sustained Value Creation: Corn

As we go forward, we shall, as in the case of wheat, be looking at our corn pipeline more broadly. Today, our global sales in corn, including chemicals and seed care, exceed \$2 billion. Over the next five years, we shall be adding chemical and biological options globally while developing integrated grower agronomic solutions, and we expect our corn sales to grow by at least 50% over this period. Post 2015, there's further significant growth potential encompassing germplasm, new traits, and stacking technology. Let me now hand you back to Mike to conclude today's presentation.

Syngenta Full Year Results 2010

2011 Outlook

Michael Mack

Chief Executive Officer

Thank you, Davor. Let me now conclude by looking first at the outlook for 2011. Crop prices remain favourable as we approach the main northern hemisphere season and we expect positive volume momentum supported by further emerging market expansion and market share growth. We'll update you, of course, on our progress as the season advances but, as you can tell from our announcement on the dividend this morning, we're confident in our prospects for the year. Looking forward, we will deliver superior customer and shareholder value by focusing on our three core objectives – integrate, innovate, and outperform. Our target of half a percent annual market share growth across a growing and integrated business represents significant top-line potential.

We'll combine this growth with a high level of profitability, targeting an EBITDA margin in the range of 22% to 24% by 2015, and we will deliver ongoing high cash flow return on investment, enabling us to target a continuous increase in the dividend. All this adds up to above-industry growth and returns, underpinned by continuing efficiency and an ability to create new markets and new opportunities while contributing to increases in agricultural productivity globally. I look forward to sharing more of this with you in the summer at our capital markets days, and for now this concludes our presentation and I look forward to taking your questions.

Case Number 2015L 001219

Transaction ID: 57889531

Date: Sep 18 2015 04:01PM

Mark Von Nida

Clerk of Circuit Court

Third Judicial Circuit, Madison County Illinois

EXHIBIT N

Syngenta
Friday, 22nd July 2011
07:30 Hrs UK time
Chaired by Mike Mack

Jennifer

Good morning, and welcome to the call. I'm joined here in Basel by, John Ramsey, CFO, and our CEO, Mike Mack, who is dialling in from the West Coast of the United States. The slides to accompany today's presentation are on our website www.syngenta.com and I would first like to draw your attention to the cautionary statement contained at the beginning of the presentation. Having done that, I will hand you directly to Mike, who will begin the presentation starting with slide number four, First Half 2011 Overview.

Mike Mack

Thank you, Jennifer, and good morning, ladies and gentlemen. Many of you will have attended our Capital Markets Day, in June, at which time we talked extensively about our strategy and our portfolio. Today's presentation, therefore, will focus on first half results and performance with, of course, some comments on the short-term outlook. I'll start with an overview, on slide four.

We began the year with strong volume momentum, and I'm happy to say that this continued into the second quarter. Crop prices, although volatile remained at high levels, stimulating investment by growers, notwithstanding some adverse weather conditions. The breadth of our business across many crop markets enabled us to accommodate, and in fact, benefit from shifts in planting and product usage. Encouragingly, the second quarter was not just a volume story. Prices in crop protection were unchanged, and we expect positive pricing in the second half. As you saw from our announcement this morning, we will be implementing price increases for the 2012 season. And in seeds we achieved another significant improvement in profitability.

As we said in February when we launched our new strategy, in the interest of transparency we continue to report the financial performance of both the crop protection and seeds businesses separately. But as we have already shown many of you at the Capital Markets Day, our strategy is squarely focused on the development of a fully integrated offer on a global crop basis, and this will involve a single sales force marketing the entire portfolio. We have already completed the integration in three of the 19 territories, 17 scheduled to be completed by the end of the year and the remaining two by mid 2012, a whole six months ahead of plan. The global teams for our key crops are fully operational and are already working alongside territory and regional management. We have presented integrated pipelines for seven of our crops, with a combined value of more than US \$17 billion post 2015.

Please turn now to slide five, which provides the first half update by region. Let me start with North America, which saw a whole series of weather challenges. Drought, affecting

wheat-growing states, followed by rain induced delay to corn planting, and then finally, cold conditions which threatened crop progress. In the end, though, corn acres are forecast to remain at a high level, with the attraction of \$7 corn outweighing the difficulties growers have encountered. Demand for feed corn continues to grow, and while there has been some uncertainty on corn use in ethanol, following the proposed removal of the subsidies, it's clear that this segment of the market will continue to play an important role.

Europe similarly experienced weather challenges, most notably a widespread drought in the second quarter, and this caused an acreage shift from cereals into corn, although overall, as in North America, high commodity prices incentivised growers to invest. In the CIS, weather conditions were more favourable than in 2010 and we saw a strong recovery in those countries. Turning to Asia Pacific, high rice and cotton prices accelerated the ongoing productivity drop. The need to improve yield and quality is present across all emerging markets in the region, although it's China which continues to have the greatest impact on world markets, with increasing imports not just of soybeans but also now of corn. In Latin America, the conclusion of last year's season clearly showed the positive impact of a high soybean price on acreage and on investment, with a consequently increased yield. Government focus on agricultural exports continues, in the case of Brazil and Argentina, while for the smaller countries in the north and the west self-sufficiency and economic development are the prime objectives.

Slide six shows our integrated sales growth, in the context of these regional developments. In Europe, Africa, and the Middle East we saw an exceptional performance. The strength of our corn portfolio enabled us to fully benefit from the acreage shift, while in the CIS our leadership in sunflower seeds was a major advantage, in the improved environment I just mentioned. In North America growth was led by seeds, and reflected our enhanced corn portfolio. Crop protection sales were affected by lower pricing, and by high open channel inventories in Canada, although the second quarter saw a significant improvement in the pricing of that versus the first quarter. In Latin America, where prices were up, we saw strong growth, particularly in fungicides and insecticides, as well as an expansion of seed sales across the crops. In Asia Pacific, our established local teams are experiencing firsthand the eagerness of growers to embrace new technology and modernised farming practice. Rice is a key area of focus, and we have a broad range of crop protection products, including DURIVO, which is expanding rapidly, and it is now also available on vegetables, which is another huge potential in the region.

I'll now touch on some of the highlights in the Northern Hemisphere regions, which represented two-thirds of the business in the first half – turning to slide seven. In Europe, Africa, and the Middle East, we achieved strong growth in Western Europe despite the adverse weather conditions there. In the largest market, France, sales were up by more than 15%, with the successful launch of AXIAL, on cereals, and the expansion of CALLISTO and CRUISER, on corn. In the CIS sales increased by more than 50%, with further growth in sunflower as well as in other crops, and the extension of the crop protection product range. We also saw double-digit growth in vegetable seeds, complemented by our excellent offer in CP. We are now building fully integrated offers in vegetables, such as the Almeria pepper programme in Spain, which includes beneficial insects from our Bioline business, enabling us to satisfy stringent value chain requirements. Our new partnership with Marrone Bio Innovations will take these offers a step further, by allowing us to incorporate a bio fungicide for the treatment of mildew and other diseases into our integrated crop management programme.

The next few slides cover in more detail the performance of our crop protection business. On slide 12 we can see sales at constant exchange rates were 10% higher, at US \$5.6 billion, driven by volume growth of 12%. Prices were 2% lower for the half, reflecting the first quarter decline. Negative price variances, related largely to herbicides in North America, essentially reflect year-on-year movements rather than further price declines.

Turning now to the evolution of reported sales, on slide 11 you can see that currency had a positive effect on our top line, of US \$186 million, over 2%, reflecting the weakening of the US dollar. The positive volume momentum in crop protection and seeds contributed US \$567 million and US \$262 million respectively. Almost 60% of this volume growth was from emerging markets. Given the growth in emerging markets over recent years, the seasonally aspect of our business has reduced and we now generate a greater portion of our sales and income in the second half. The strong volume performance was marginally offset by lower prices. Pricing in the second quarter was flat, reflecting a marked improvement from recent quarters, and I will return to pricing in a moment.

Well, thank you, Mike. Good morning. I'm pleased to present today, results which demonstrate a strong business performance, reflecting continued volume momentum and a marked improvement in crop protection pricing. Starting with slide ten, sales reached US \$7.7 billion, an increase of 14%, or 12% at constant exchange rates. Volume was 12% higher across the business, with price only marginally negative. In the second quarter prices were stable for both crop protection and seeds. The gross margin, at constant exchange rates was slightly ahead of 2010, at 52.1%, reflecting a significantly improved seeds margin, which more than offset the effect of lower crop protection prices in the first quarter. EBITDA increased by 10%, at constant exchange rates, to US \$2.15 billion. Driven by higher operating income, net income was up 14%, at US \$1.4 billion, resulting in a 12% increase in earnings per share, to US \$15.60. Higher income and a significant reduction in inventory levels resulted in a first half free cash flow of US \$249 million, ahead of 2010.

John Ramsey

Our strategy will combine our leading seeds and chemical portfolios. On July 1st we brought together our North American sales force, in order to implement our strategy, which means offering integrated programmes through our distributor partners. As for our corn and soybean farmer dealer network, our ongoing investment in seeds means an increasingly attractive offer to them as well. And with that, let me now hand you over to John for a review of the first half financial performance. John.

Moving on to North America – slide eight, where, of course, the spotlight is on corn and soybean. These crops were a key driver for AZOXYSTROBIN sales, where we not only saw spectacular volume growth, but we were also able to raise prices. Our confidence in the capacity expansion for AZOXYSTROBIN, completed just last year, is now clearly paying off. In corn and soybean seeds our new trait, VITTRA, was present in 20% of the portfolio and met with a highly positive grower response. Overall endorsement of our traits is increasing, giving rise to new licensing opportunities. We are proceeding towards the introduction of a full refuge reduction offer next year, having already received EPA approval for our structured refuge products, and we have completed submissions for our Refuge in a Bag.

although higher opening inventories in Canada, due to adverse weather conditions, did have some impact. In the second quarter, volumes were overall 9% higher and prices were unchanged. EBITDA of US \$1.64 billion represented a margin of 29.3% at constant exchange rates, around 2% lower than last year. The majority of the reduced margin came from lower pricing seen in the first quarter, as well as continued investment for growth, in areas such as emerging markets and development expenses for new technologies like, PLENE on sugarcane, and TEGRA on rice. With improved pricing in the second half, I expect the full year EBITDA margin in crop protection to be above that of 2010, at constant exchange rates.

As slide 13 shows, the pricing situation in crop protection has steadily improved over the last four quarters, reaching price stability in quarter two. Market sentiment remains positive, as evidenced in our volume numbers. We are seeing volume growth across all regions and all product lines. High commodity prices continue to incentivise growers to maximise their yield, and whilst growth has been higher in emerging markets, developed markets have also delivered a strong performance. Latin America prices were already higher in the first half, and the outlook for the overall business, for both volume and price in the second half is positive. As we announced this morning, we will put in place price increases across the business in the second half of the year, with the aim of achieving for 2012 an overall pricing increase in the range of mid single digits.

Moving on now to the next slide, slide 14, we can see the performance of our new products launched since 2006. R and D investment in a strong chemical platform continues to be a key element of our strategy, and as our new product sales show we have consistently delivered strong returns on this investment. Sales rose significantly in the first half, reaching US \$386 million, generating a compound annual growth rate of 47% over the five-year period. AVICTA sales increased over 70%, following its launch on soybean in the US, as well as extended use on cotton. The cereal herbicide, AXIAL continued to show strong volume growth, due primarily to its launch in the major European cereal market of France, as well as in Iberia. DURIVO continued its significant growth trajectory, with sales up 85%. The launch in China contributed significantly to growth, as did the expanded use of DURIVO on fruit and vegetables in Brazil. The second half of 2011 will see DURIVO launched in a further 13 countries. Sales of REVUS were up 24%, driven by continued global expansion and a particularly strong first half on potatoes in Northern Europe. SEGURIS, the brand name for isoprazam, saw first sales on wheat in the UK.

Moving on now to slide 15 to look at our seeds business performance, seed sales increased 17% to US \$2.1 billion, representing over 25% of our total business in the first half. Volumes were up 15% and prices up 2%. Sales grew in all regions and all product lines. EBITDA increased significantly to US \$537 million, with the EBITDA margin increasing at constant exchange rates, from 20% to 26.4%. The overall improvement in margin reflects the continued success of our corn portfolio, and new product introductions as well as higher licensing revenue. Strong product performance in North America, as well as new product registrations in Latin America, put us in a positive position as we approach the main Latin American season in the second half. The continued excellent performance of our sunflower and vegetable businesses has also made a significant positive contribution to our improvement in EBITDA. Sunflower sales were up significantly in the CIS, reflecting increased demand for high value sunflower hybrids. In vegetables, favourable market conditions as well as the high quality of our portfolio drove strong

growth. Looking forward, for seeds overall I expect to achieve our 15% EBITDA margin target for this year, with further margin expansion in future years.

Slide 16 shows you the progression of our operating income, which increased 12% in absolute terms, to US \$1.9 billion. As you can see, the operating income impact from volume growth was US \$429 million, with price marginally down, US \$49 million. As we previously outlined, we will continue to make growth investments in our business as we implement our new strategy and continue to grow in emerging markets. The first half expenditure of US \$110 includes continued investment in research and development and emerging markets, as well as in new integrated offers. It also includes further investment in information technology systems to underpin the new operating model. Cost inflation increased US \$30 million, reflecting higher inflation levels in emerging markets. Within other business performance there is an element of increased employee variable remuneration, reflecting our growth expectations for 2011.

It is worth highlighting that currency had a negligible impact on our operating income in the first half, and slide 17 looks in more detail at currency.

As we all know, the Euro crisis and US debt situation has created a very volatile and uncertain outlook. This has resulted in a first half year-on-year appreciation of the Swiss franc, versus the US dollar, of 15%. Our total cost base is approximately 15% Swiss franc denominated, with very little offsetting sales revenue. An increase in Swiss franc costs linked to the weakening US dollar was, however, mitigated by hedging gains, and we continue to hedge at around 75% of our overall exposure. Inevitably, based on exchange rate evolutions over the last year, we will begin to see an adverse effect on the second half linked to the movement in year-on-year hedging gains. For the full year, I expect in the region of US \$75 million negative currency impact at the EBITDA level, but this will be a bit more negative at the operating income level, reflecting the non-cash impact of currency on amortisation and depreciation. In 2012, again due to year-on-year exchange rate movements, I would anticipate further negative currency impacts. However, with our cost savings and efficiencies starting to come through, I expect that these will offset the impact on EBITDA.

Slide 18 shows the detail of our net income, which was 14% higher at US \$1.4 billion, in the first half. Earnings per share increased 12% to US \$15.60. As you may remember, in February we announced that we would report net income after restructuring, but continue to monitor earnings per share before restructuring costs. Net financial expense marginally increased to US \$67 million, and our overall tax rate is in line with last year, at 19%. For the full year, I continue to expect a tax rate of around 20%. Let me turn now to look at the effect of raw material price movements on our cost base.

On slide 19 you can see that our spend on crop protection raw materials is around US \$3.5 billion, all of which is managed through our global procurement organisation. The structure of our raw material contracts are such that 75% of them are long-term agreements, and in any given year we renegotiate around 20% of our raw material spend. Given the nature of our manufacturing activity, oil price movements impact our indexed price contracts with up to a 12-month lag. In 2011 our raw material pricing impact on EBITDA is broadly neutral, with negotiated raw material savings covering the initial impact of increased oil costs. Looking forward to 2012, there will be some negative impact from higher oil prices on our raw material cost base. However, given the structure

of our contracts, that I have just outlined, and the efforts of our procurement organisation, I expect the impact to be less than US \$100 million.

Let me now move on to slide 20, to provide you with an update on the total benefits and costs related to our efficiency programme, which is linked to the implementation of our new strategy. We expect to deliver US \$650 million of cost savings, as a result of our new operating model. Since February we have been working in detail on the implementation of the new model, and I can confirm that both the savings and the costs related to the implementation remain unchanged. We will deliver US \$300 million through the new integrated supply chain structures, and a further US \$200 million from indirect procurement benefits. Indirect procurement covers all non-raw material purchases. Our integrated commercial organisation will contribute a further US \$150 million of savings.

Moving on now to slide 21, where we can see the detail of our cash flow movement, free cash flow reached US \$249 million in the first half. Average working capital levels, as a percentage of sales declined significantly versus last year, reflecting a very strong performance in inventories, and I'll come back to this shortly. Capital expenditure was lower, at US \$193 million, following the completion of the major capacity expansion projects undertaken in prior years. Financing and tax outflows were US \$100 million, and acquisitions expenditure was low at US \$18 million. We expect strong cash generation to continue as an ongoing feature of our business, and I expect free cash flow in excess of US \$1 billion for the full year in 2011.

Slide 22 highlights the benefits of our continued management of trade working capital. This has resulted in an excellent performance in the first half, with a 6% reduction in average trade working capital as a percentage of sales, bringing it down to 37%. The largest driver of the reduction was significantly improved inventory levels. Inventory fell to 30% of sales, reflecting the continued volume momentum in both crop protection and seeds. Throughout this growth phase we have continued to control both our receivables and payables levels. Our credit management activities have resulted in a reduction in average receivables as a percentage of sales, and at the same time we have maintained the average accounts payable ratio in line with last year.

In conclusion, slide 23 summarises the key elements of our full year outlook. We expect to see continued volume momentum as we enter the second half of the year. Market sentiment remains favourable, and our performance in the first half gives us confidence that we will see volume continue to grow as we enter the main Latin American season. In 2011 we will achieve stable pricing in crop protection, on the basis of current pricing levels, and consequently, I would expect to see for crop protection and for the group as a whole, a full year 2011 EBITDA margin improvement at constant exchange rates, versus last year.

As I previously mentioned, we will be putting in place further price increases in the second half across all regions, targeting mid single digit price increases in 2012. And as outlined earlier, I anticipate cash flow to remain strong, and free cash flow to exceed US \$1 billion for the full year, enabling us to complete our US \$200 million share buyback, as well as having increased the dividend paid in May this year. And finally, I would expect cash flow return on investment to continue to be in excess of 12%, and with that I would like to hand you back to Mike, who will provide you with some further highlights on the outlook.

Thank you, John.

Please turn now to slide 25, for a review of the outlook by region for the second half and then into 2012, starting with North America. As you can deduce from the growth in AZOXYSTROBIN sales I showed earlier, corn fungicide usage is increasing, and we expect to see a significant increase in the penetration rate as applications continue in the third quarter. In Canada, herbicide inventories at the end of the first half were lower, which is a positive sign for 2012. In the North American seed market there are good indications that higher production costs are going to be able to be passed along in the form of higher prices for the next season. In Europe the 2011 season is now largely over, with the exception of a winter oilseed rape where acreage increase is still expected, and towards the end of the second half growers will be making their planting decisions for winter wheat. We are not making any predictions on the wheat price here today, other than that global supply remains tight.

Needless to say, performance in Latin America and Asia Pacific will be key in determining the second half outcome. In Asia Pacific there has been some concern at the progress of the monsoon, but there is still time for sufficient rainfall there. In Australasia it looks as if the winter crop acreage will be up, and across the emerging markets of the region we are seeing increased intensification, both in terms of crop protection usage as well as GM adoption. In Latin America grower profitability remains attractive, with soybean prices still at high levels, and an increasing potential for second season corn. I mentioned at the beginning matters surrounding the removal of the corn ethanol subsidy in the US, and if passed this is to be accompanied by the elimination of import tariff, further opening the way for the import of sugarcane ethanol from Brazil. While this is unlikely to have any impact in the short-term, if Brazilian producers are to satisfy both domestic requirements and export demand, production will need to increase significantly there.

Please, turn now to the final slide, number 26. This year's Capital Markets Days have been designed to show you how our crop-based strategy enables us to meet the different needs of growers worldwide. While needs may be different, there are enormous benefits to be had through extending technologies across regions, and as the new strategy gains momentum the breadth of our portfolio will also re-enforce the quality of our retailer and the distributor network around the world. We will continue to invest in the development of our integrated offer, in order to deliver the innovation we promised, and to expand our already leading presence in the emerging markets, which represent the principal engine of demand growth for the future. Our focus on cost efficiency, and the value we create through integration will enable us to pursue these investments, while maintaining industry-leading profitability. By launching new business models we will expand the size of the market, so that when we talk about above market growth we mean taking a larger share of a larger pie with the benefit of first mover advantage in having created these new opportunities for growth.

That concludes our presentation this morning, and I would now like to open up the call for questions. Operator, over to you.

FILED

Case Number 2015L 001219

Transaction ID: 57889531

Date: Sep 18 2015 04:01PM

Mark Von Nida

Clerk of Circuit Court

Third Judicial Circuit, Madison County Illinois

EXHIBIT O



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First Quarter 2014 Sales TRANSCRIPT

Contents

Corporate participants	3
Presentation	5
Questions and Answers	16

Corporate participants

Jennifer Gough

Syngenta – Head of Investor and Media Relations

Mike Mack

Syngenta – Chief Executive Officer

John Ramsay

Syngenta – Chief Financial Officer

Presentation

Operator

Ladies and gentlemen, thank you for standing by and welcome to the Syngenta Q1 2014 sales trading statement conference call. At this time, all participant lines are in a listen-only mode. There will be a presentation followed by a question and answer session, at which time if you wish to ask a question you'll need to press star one on your telephone keypad. I must advise today's conference is being recorded on Wednesday, April 16, 2014 and I would now like to hand the conference over to your speaker today, Jennifer Gough. Please go ahead.

Jennifer Gough

Good morning and welcome to the call. You'll find today's presentation on our website. As usual this presentation contains forward-looking statements which may be subject to risks and uncertainties which could cause the actual results to differ materially from the statements.

Here on the call today are Mike Mack, CEO and John Ramsay. I'll now hand you over to Mike and he'll start the presentation.

Mike Mack

Thank you Jennifer. Good morning ladies and gentlemen. I'm battling the last chapter of a cold here and ask for your forbearance if my voice diminishes a bit during the call. I'd like to start with an overview of the first quarter numbers now on slide 3.

Sales of \$4.7bn were up 2 percent in reported terms. At constant exchange rates growth was 5 percent. For the integrated business this represented a 2 percent increase in volume with prices 3 percent higher. We saw a strong start to the season in Europe where growth more than outweighed a decline in North America as the weather delayed plantings there. Emerging markets once again showed double-digit growth at constant exchange rates. A key product highlight for us was the registration of Elatus in Brazil at the end of February. This will allow us to make a full launch for the next soybean season beginning in September.

Turning now to the development of integrated sales by region on slide 4, starting with North America. Prolonged cold temperatures across the corn belt prevented growers from planting crops, leading to a reduction in early purchases of crop protection. In addition, the ongoing drought in California is having an impact on insecticides and fungicide consumption in the

horticulture segment. In Canada conditions have been more favorable and we've seen sustained Seedcare growth, reflecting adoption of our new product Vibrance.

In contrast to the weather in the US, Europe has experienced a mild winter and early spring which have spurred demand across the portfolio. In Western Europe notable contributions came from Iberia and Italy where the implementation of our integrated strategy is enabling us to outperform as these markets emerge from the economic downturn. Growth continues to be dynamic in the CIS. Currency movement though for these countries was negative in the quarter but were partly offset through higher prices.

Asia-Pacific saw broad-based sales momentum across developed and emerging markets. In Australia, we saw good distributor support for our early season offers and rainfall further boosted herbicide sales. Growth in China and South Asia was close to 30 percent driven in particular by technology adoption in rice and vegetables.

Finally, in Latin America, the pace of growth improved compared with the fourth quarter of 2013 despite dry conditions in Brazil and Argentina and lower second season corn acreage. We resumed selling in Venezuela as dollars became available for imports of our products there.

All in all, a solid outturn for the first quarter measured against a strong first quarter in 2013. As growers have proven in the past, there is substantial scope for the North American season to catch up now over the coming weeks.

Let me hand you now over to John for a more detailed review of the quarter.

John Ramsay

Well, thanks Mike and please turn now to crop protection sales on slide 5. The 6 percent increase in overall sales was split equally between volume and price. In Selective herbicides the early season drove double-digit growth in Europe with our portfolio performing particularly well on cereals and corn, and this more than offset a decline in North America. Growth in the other regions was also positive.

In Non-selective herbicides growth came from Gramoxone notably in Asia-Pacific. And we've deliberately constrained volumes of Touchdown to take account of its low profitability and of credit risk in Argentina. Glyphosate prices for now remain higher than a year ago.

Fungicides growth came primarily from early demand across Europe. We also saw double-digit growth in Latin America with increased use on cotton. In Asia-Pacific sales of Amistar technology in China doubled with the expansion on rice and vegetables.

Insecticides sales were up 11 percent with the further expansion of Durivo in Latin America. In the northern hemisphere strong growth in Europe largely offset a decline in North America due to the California drought.

Seedcare sales were lower following the suspension of neonicotinoid usage on many crops in the EU, which took effect on 1 December, 2013. In addition, lower corn acres contributed to a decline in Latin American sales.

On slide 6, shown in green on the chart, are new products launched within the last five years. Sales of these products increased by 85 percent in the quarter. And Durivo, while still growing fast, is now in its seventh year and going forward will no longer be included in the reporting on new products.

Clariva and Fortenza are both new seedcare launches this year. Clariva is a biological control for soybean cyst nematode stemming from the acquisition of Pasturia in 2012. Fortenza is a broad-spectrum insecticide with potential on multiple crops.

Outlined in orange you can see the three new SDHI fungicides, all of which are gathering momentum this year. The combined peak sales potential of these three products alone is around \$1bn. The largest contribution will come from Elatus, a breakthrough solution for soybean rust about which Mike will say more in a moment.

Turning now to seeds on slide 7. Corn and soybean sales were unchanged overall and also in North America where planting decisions have been delayed. The impact of lower corn acreage in Latin America was offset by growth in Europe and Asia-Pacific. A key driver for Diverse field crops remains the technification of sunflower in the CIS. And this was partly offset by acreage declines in other European countries. Excluding the divestment of Dulcinea, Vegetable sales were up 9 percent with continuing recovery in developed countries and the rapid expansion in the emerging markets.

Let me now move on to the impact of currency movements in the first quarter. Slide 8. The chart shows the depreciation of emerging market currencies versus the dollar and particularly the sharp decline in CIS currencies. In Ukraine, as in Brazil, our business is dollarized and we have systematically recovered a significant part of the currency loss through price increases. In Russia, however, pricing is in local currency and the ability to effect price increases mid season is very limited.

We are experiencing a period of unusually high exchange rate volatility and indeed some currencies have begun to recover in recent weeks. We are wherever possible mitigating the currency impact through price increases. However, based on the first quarter movements, we expect the full-year currency impact on EBITDA, net of price increases, to be around \$100m compared with our earlier forecast of \$50m. And this impact will be concentrated in the first half of the year. Demand remains robust in all the countries indicated on the chart and, thanks to our active risk management, receivables continue to be well controlled.

Now a word on our longer term funding, slide 9. We were active in the bond markets in the first quarter with two eurobond and three Swiss franc issues. The bars on the chart represent our bond issues with the various coupon rates at the top of the bars. Under the bars are the maturities, with the new maturities marked in dark grey. If you look at the left hand side of the chart, you see that these issuances replace bonds maturing in the period 2013 to 2015. The

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fact that we were able to enhance our debt maturity profile at attractive rates attests to our balance sheet strength and credit quality.

I'll now hand you back to Mike.

Mike Mack

Thank you John. Slide 10. We've also been active on the acquisition front in the purchase of PSB announced last week. PSB is a leading Italian durum wheat seed company with 30 percent of the Italian market. Its varieties are grown on more than 330,000 hectares in the Mediterranean countries and it has leading experience in breeding and producing durum wheat varieties. The production of high quality wheat is vital for the Italian pasta industry and with this acquisition we will accelerate innovation in Italy while driving international expansion.

We've already experienced the value chain engagement in durum wheat through the Grano Armando partnership with Baronia, a leading Italian pasta producer. The protocols that we offer to participating growers have enabled them to increase yield by close to 20 percent. In addition, the proportion of their production reaching the targeted level of protein content has dramatically increased as shown in orange on the charts. The PSB acquisition will complement our existing portfolio of cereal seeds and expand our ability to meet increasing food industry demand for high quality pasta production.

Turn now please to slide 11. Also last week we announced a collaboration which represents a breakthrough in the production of cellulosic fuel and which will significantly increase ethanol plant productivity.

We are licensing in Adding Cellulosic Ethanol, a new process for ethanol plants known as ACE, which allows ethanol to be extracted from the corn kernel fiber. ACE will be combined with our unique corn output trait Enogen and will lead to a significant increase in the \$0.08 to \$0.11 per gallon savings already conferred by Enogen.

The combined offer is expected to deliver a 17 percent increase in ethanol production and corn oil extraction, which most plants now undertake to supplement their ethanol revenue stream, it will increase by 200 percent. Dried distillers grains, the by-product used for animal feed, will also benefit through a higher protein content. The result will be a substantial increase in ethanol plant sustainability and profitability.

QCCP, who developed the technology, will commence using it next month at their plant in Galva, Iowa, which is one of the early Enogen plants. We plan to start licensing to other plants in 2015 and expect that this will significantly accelerate Enogen adoption.

Slide 12. Before concluding, let me return to Elatus, based on the active ingredient, Solatenol. The launch of this product gives Latin American growers a new tool to control soybean rust, a disease which has cost \$20bn in crop losses since it first emerged in 2001.

Resistance to triazole chemistries has been growing and the introduction of SDHI fungicides has become necessary in order to combat this.

The chart on the left shows you that not only does Elatus outperform the standard treatment, it also outperforms the competitor offer. In addition, the interval required between applications is 7 to 10 days longer, which gives growers greater flexibility in the timing of sprays and improved efficiency. Solatenol has also demonstrated outstanding performance against diseases in a number of other crops and regulatory submissions have been made in North America and the EU.

Let me conclude now with the full year outlook on slide 13. In the second quarter we expect to see business in North America in full swing and further growth in Europe. As we look ahead to the second half, we expect the launch of Elatus to have a significant positive impact in Latin America.

On this basis we're confident we can achieve our target of full year integrated sales growth of 6 percent at constant exchange rates. As signaled in February, lower seeds costs will result in improvement in the gross margin for the full year. R&D expense will be at the upper end of the 9 to 10 percent range, but overall we will maintain our focus on operating cost efficiency. Currencies, for the reasons John has just described, are expected to have a negative impact of around \$100m on EBITDA. Our forecast for free cash flow before acquisitions remains unchanged at \$1.5bn.

That concludes our presentation this morning and I would like to now open the call to questions. Operator?

Questions and Answers

Operator

Once again, that is star one to ask a question, Christian Faltz, Macquarie.

Christian Faltz – Macquarie

Yes sir. Good morning. Thanks for taking my question or questions. First of all, can you tell us how Q2 developed so far in terms of weather trends in both NAFTA as well as the EU?

How is the relatively dry weather in Europe impacting your fungicide sales, if at all?

And would you believe a shortened US season due to the prolonged winter leads to fewer spraying applications?

And then I guess you explained why the Seedcare sales are down due to the neonicotinoids. Can you put a bit more granularity to that?

And then lastly, can you walk us through your hedging strategies regarding emerging market currencies? Especially would you consider factoring in USD in Russia going forward, and is that at all possible? Thank you.

Mike Mack

Morning Christian. I'll just start perhaps with the neonic file and say a word about the sprays in North America, and have John pick up your other questions.

First, nothing's changed really on the neonic file since it was announced last year. The ban started in December of 2013. To the extent that there was any positive development, a couple of countries have applied for and received what are known as derogations. A derogation is where you essentially ask the authorities of the country – can I have special permission to use this product after all? Romania sought and got themselves a derogation for Cruiser.

And I guess the relevance of that, first of all, in and of itself it doesn't have any relevance on changing the ban, which is going to last for two years and of course we're fighting that. But what it does suggest is that farmers are finding some of their voice and the importance of this tool in their toolbox is something that's really deeply felt by them.

There is the potential for these derogations to gain a little bit more momentum. But as we said last year, the impact on us was \$60m gross impact per year and that that would be offset by the reuse of some older chemistries. And so something on the order of magnitude of \$30m per year in Europe feels about right.

With respect to neonics in the rest of the world, nothing has changed. In fact, if anything, more of the governments who'd been asked to take a look at that had been coming out more in defence of that.

With regard to the sprays in North America, our big business of course is the pre-emergent herbicide business and farmers have shown in the past that the cold can go well into, well, late April and very much into May before any of that has an impact. It is warming up over there and at this point in time, although it hasn't started, we would be calling for really normal development of the pre-emergent market.

With respect to the other big spray that would go on, it's fungicide, way too early to tell here because the farmers have experienced late planting before in the past. California, as we mentioned, some of those sprays will not go down and we're calling for the impact on that to be, I don't know, circa \$20m to \$30m at this point of time of sprays that won't happen in North America.

John, Christian had four others. I won't repeat them let's hope you wrote them down.

John Ramsay

I think you've covered the main thrust of the questions about the significance of the weather on North America and in Europe so I don't think it's necessary to add too much to that unless you want to come back, Christian. But I'll deal with the hedging point that you raised in terms of emerging markets.

We have a hedging policy which basically tries to hedge progressively through our year for the following year against EBITDA. But one has to say that fundamentally in emerging markets then it's quite challenging to get full hedging largely because of the cost and certainly in some markets just the sheer unavailability of a liquid market to hedge. So our strategy is more about managing these markets really well in terms of risk management, in terms of how we manage the ForEx going into the markets, how we manage the credit risk and particularly opposite currency to look at pricing.

So you'll see in the commentaries that we've provided, in Ukraine we've seen or across CIS we've seen very significant currency erosion in the first quarter. Now our defence against that has been very much to get prices up so in Ukraine I expect that we should recover something like about two thirds of the currency loss this year and the rest in the next season. In Russia, however, it's more difficult because of the way the market works and the contracts are made in local pricing at the beginning of the year. But nevertheless I would expect as we

go into the next season in Russia again to be looking at the dollar impact and recovering any currency losses.

As you know, hedging has only got a temporary impact anyway so the fundamental in these markets is about how you manage risk.

Christian Faltz -- Macquarie

Okay. Great. Thanks.

Mike Mack

Thank you. Operator?

Operator

Patrick Lambert, Nomura.

Patrick Lambert - Nomura

Good morning. Congrats for this good start of the year. A few questions. First on the, a little bit more color on the corn, your expectation for corn seeds in this year in terms of split of trait -- Enogen, Duracade, Viplera -- and your comments on where we are on Chinese approval, if you can say anything about that.

Second question, what makes you confident that North America momentum has gathered in terms of crop protection? Can you give us a little bit of a feel of April orders in CP?

Third one on neonicotinoids. I remember that the impact was about \$70m of sales. Is that still the case? Do you think you, with Romania derogations and maybe some others, you can lower that number and how much Force will compensate for that?

And the last one on sugarcane. Can you update us a little bit on the technology stabilization for [Plene]? Thanks.

Mike Mack

The corn seed one, Patrick, your voice was breaking up a bit, but the corn seed one sounded a bit along the lines of tell us a little bit about the trait development over there in the US.

Patrick Lambert - Nomura

Yes it is. Yes it is. The portfolio, what you see you can achieve this year in terms of split, Duracade, Enogen --

Mike Mack

Okay. So I'll just update you on the -- first of all from a regulatory point of view because I think you mentioned China. From a regulatory point of view nothing has changed over there. We continue to await approval, but we have nothing final. I think it is fair to say at this point in time that we don't have -- that we will not have any approval before the start of the season. That's for sure.

Nothing has changed since we last spoke about this in February either about the order book. By the order book I meant demand for Viptera was strong. That hasn't changed. And by the way we won't know the final chapter on all of that until Q3 of course after the corn returns are done and the dust has settled on the whole season, but the order for that has remained broadly unchanged since the beginning of the year. Viptera as a percentage of the portfolio is about 30 percent and it controls of course an important insect and that is in quite good demand.

Duracade is in its introductory year, its launch year, and it, for all intents and purposes, is and has been completely sold out. It's going to go on to between 250,000 and 300,000 acres. And as you might recall, Patrick, we implemented a growers' stewardship program with Gavilon, which is going to put that Duracade into the hands of local elevators. And farmers have appreciated that and that all is going fine.

And Enogen of course represents, as I said in that slide towards the end of my presentation, represents a real big opportunity because it continues -- ethanol, corn ethanol continues to represent 30 percent or so of the corn crops. So it's a unique trait and we've got now a modeling place where we connect the Enogen trait to Syngenta corn seed as well as Syngenta crop protection chemicals. So all of that represents the strategy as such is unfolding as we wanted.

The Chinese headwinds of course are completely -- they're not helping. But I think over time of course we should expect that to be opening up quite a bit.

North America about sprays, at the risk of quick repetition, we've been here before. We've been -- in many years as a matter of fact where the main part of the season doesn't open up until well into May. So I have again every confidence that this is going to be, although a bit late, it won't be so late as to make it exceptional.

John.

John Ramsay

I think your next question, Patrick, was on the neonicotinoids and the number for the full-year impact is about \$75m. So you're right in that respect and we don't see that being any different. In the first quarter we did have some impact of that already coming into the first quarter. But the Seedcare numbers were also impacted by the lower acres in Latin American corn and some of the delay in the start up of the season in North America. But the number for the full year as a consequence of the suspension is about \$75m.

Just your point on Force, I think in the first quarter about two thirds of the European loss of neonicotinoids has been made up by Force.

And I think your final question was any news on the new technology in sugarcane in Brazil. Basically, nothing more to report. I think we're very much still in line with our plans that we set out last December.

Patrick Lambert - Nomura

Alright, which means that you'll be updating us very soon on the feasibility of the [cutting] -- the ramp-up of the [cutting], right?

John Ramsay

Yes, we will be doing that, Patrick.

Patrick Lambert - Nomura

Okay. Good. Thanks.

Mike Mack

Thank you.

Operator

Jeremy Redenius, Sanford Bernstein.

Jeremy Redenius - Sanford Bernstein

Hi. It's Jeremy Redenius from Sanford Bernstein. Thanks for taking my questions. First of all, could you talk a little bit more about the pricing you saw in crop protection chemicals? If I understood correctly, it was up about 3 percent year over year. Is there any particular region or product lines that contributed to that?

And also is that as potentially margin accretive as it seems at first glance?

And then secondly, with seeds pricing, could you talk about the seeds price and volumes that you saw? Thank you.

John Ramsay

Jeremy, just on pricing, crop protection pricing quarter one was up 3 percent, as was reported. Just to understand that within that there's about 0.5 percent which is due to glyphosate which we'd like to just keep on one side. And currency, I talked about our response to the C\$ currency decline has been about putting prices up, so if we take that out that's another 0.5 percent. So you can say the underlying crop protection price increase in the quarter is 2 percent. And so I think we would say that this gives us a good base to retain our target for the full year of between 1 percent and 2 percent. And yes, that should be, apart from those two factors of glyphosate and currency that should be margin accretive.

And I believe the seeds price increases in the quarter were 2 percent and pretty widespread in crop protection. In seeds, pricing in corn and soya has not been particularly high, but pricing's spread across the other crops.

Jeremy Redenius - Sanford Bernstein

And so within crop protection could you describe like any particular regions or types of products that were particularly strong with pricing?

John Ramsay

It's pretty wide -- it's pretty broad-based, Jeremy, actually when you look at it. It's across all the regions. All the regions have got price increases. And it's pretty widespread across the product range. There's a few notable products, but frankly it's broad-based in terms of the targets that we've set.

Jeremy Redenius - Sanford Bernstein

And, sorry, one more follow-up on that. Any particular change in strategy towards pricing then because pricing is stronger this quarter and volumes are a little bit weaker than maybe what we've seen over the past few years?

John Ramsay

I think this is probably a deeper question than now. We've always been looking to get price increases. The industry hasn't been particularly great collectively in terms of getting a lot of price increases. But I think in recent years you've seen the recognition that as the expansion in the emerging markets continues, the level of cost increases, the level of volatility. And as our competitors are all looking at the same market conditions as us and I just think commercial reality recognizes that we should get some compensation for our cost increases. And that's what we're doing.

Jeremy Redenius - Sanford Bernstein

Okay. Thank you very much.

Operator

Virginie Boucher-Ferte, Deutsche Bank.

Virginie Boucher-Ferte – Deutsche Bank

Yes, good morning. I've got three quick questions left. First of all, just to follow up on pricing, is there any mix effect, positive mix effect which has captured in this pricing figure?

I also would like to know on SDHI, I think you said during the presentation that the peak sales potential for this chemistry was above \$1bn. And I think I remember it was over \$850m before. Could you please confirm I'm talking about the same chemistry?

And last, do you expect any royalties on Viptera this year because I think some of your licensees should start selling seeds including Viptera and, if so, could you please quantify them? Thank you very much.

John Ramsay

Okay. Well, just on the pricing first of all, Virginie, I think the simple answer is the numbers that you have we've quoted and the numbers I spoke to in respect of the previous question do not include mix effect. We try as best we can to exclude that in terms of our pricing reported numbers.

In terms of SDHI, I believe we're talking about the same group of chemicals insofar as the total for that group is greater than \$1bn.

I don't have a number for Viptera royalties but there will be Viptera royalties in our royalty number for this year. We're up on royalties in the first quarter and we're expecting to be up in the full year to about \$200m compared to I think about \$180m last year. And there will be a contribution from Viptera in those numbers, but I don't have a precise number in my mind.

Virginie Boucher-Ferte – Deutsche Bank

Okay. Thanks. And just to be clear on SDHI, you've increased the peak sales potential from \$850m to above \$1b?

John Ramsay

Yes, we've increased the total from \$850m before, yes, to over \$1bn. That's correct.

Mike Mack

But, Virginie, the reason for that is we've got more potential based on Vibrance, which is Seedcare. Had great start to that in Canada and the performance to date is really spectacular. So that of course is an SDHI and that's where the growth versus the last time we spoke about this will come from.

Virginie Boucher-Ferte – Deutsche Bank

Okay. Great. Thank you very much.

Mike Mack

Thank you Virginie.

Operator

Martin Roediger, Kepler Cheuvreux.

Martin Roediger - Kepler Cheuvreux

Yes, I have also three questions. First, on the target for 2016 regarding sales, in your annual report you basically reiterate your sales target, which is \$17.45bn including lawn and garden and \$16.66bn excluding lawn and garden. So assuming you achieve the 6 percent organic sales growth for the integrated offering this year, you need quite substantial double-digit top line growth next year to achieve your sales target. So what makes you confident to achieve that sales target for 2016?

And in that regard a follow-up question, would you be able to reach your EBITDA margin target for 2016, which means the lower end of the 22 percent to 24 percent range, in case you miss your sales target for 2016, i.e. because of a lack of leverage effect?

And the third question, can you talk a little bit more about the Amistar technology expansion in China. You mentioned Amistar sales doubled in China on the expansion of rice and vegetables. Is that more volume-driven or is it license income, because I thought that you cooperate with generic companies? And maybe you can update us about how important China is for you in terms of sales.

Mike Mack

Maybe I can start with just a perspective on the sales evolution. Yes, we always have expected some acceleration in 2015. We've never predicted currencies and of course currencies look set to weigh this year. But I think all you have to do is look over the past and if you take a broad look over the past 14 years of Syngenta's life, and particularly the last now three and half since we've announced our integrated strategy, sales don't come in, in completely level terms.

After the first few years of our integrated strategy we were a full 1 percent ahead of the 8 percent compound annual growth rate that we forecast for our sales. 6 percent seemed advisable this year in view of some of the lower economic performance around the world in economies and somewhat lower crop prices. But the double digit -- the business of catching the double-digit increase in sales in 2016, no, is not necessary in order for us to get to the EBITDA improvement that we had set for ourselves. It's essentially a non-repeat of some of the one-offs that we had last year. That, combined with operating leverage, is going to put us on a footing to do that.

I think that with respect to Amistar in China, China's a big country. We are several hundred million dollars of crop protection chemical sales. We're substantially smaller than that in our

seeds business. And this against the backdrop of a huge agricultural economy, one that is attempting to modernize very quickly. And the potential, if and when they do that, the potential for us to have a large addressable market is going to get really big.

But with the current portfolio there, as good as it is, it's small relative to the rest of the Syngenta footprint around the world. And China does represent an opportunity, but relative to all of the emerging markets, it's just a piece of that. John, anything else to add? Okay.

Does that square it?

Martin Roediger - Kepler Cheuvreux

The question about volume or volume-driven or license income driven, China?

John Ramsay

Yes, it's volume driven. Well, while it's volume-driven, we're expanding our own market there into new markets which haven't previously had access to this technology.

Martin Roediger - Kepler Cheuvreux

Thank you.

Operator

Andrew Benson, Citigroup.

Andrew Benson - Citi

Yes, thanks very much. Andrew Benson here. Just some small things. On Ukraine, can you just talk about how you're managing credit risk?

I was quite interested in what you were saying on the new development of Enogen and perhaps if you can dimensionalize the commercial opportunity and some sort of timeframe for achieving that?

I didn't really understand what you were saying on Touchdown, that you were reducing sales because they were low margin or something like that. So perhaps if you can just give some more clarity, both on Touchdown and on the non-selective herbicides overall please?

Mike Mack

John, maybe you can come back to the Ukraine in a second. I think -- good morning Andrew.

I think the bottom line really on Touchdown is just obviously it's a big compound in the global scheme of agriculture. It's a big number for us, \$800m, nearly \$900m, and it is by far the lowest margin of any of the branded products that we offer.

And I think what you're hearing us say is we're absolutely focused on being sure that as that product gets bigger in terms of sales, that we're doing everything we can to maximize either the pull-through of our seeds or the pull-through of other high-margin chemistry, but that we're very much managing Touchdown's growth with the mind to being sure that we just don't dilute the earnings quite frankly through the growth of glyphosate as an agricultural non-selective herbicide.

On Enogen, as I said, the current economics of the plant, the plant being the ethanol plant, looks set to be somewhere between \$0.08 to \$0.11 per gallon of profitability improvement.

And the potential for ACE technology -- and remember this is now only running in one plant, in QCCP, and in QCCP it's running, but this is the place where we've developed it with them -- the potential seems set to be that we can double the economics of the profitability of a plant in all of these various streams, the corn oil extract, the energy use, the overall throughput as well as the value of the dried distillers grains at the end. And if we can double the profitability of a plant then that would substantially enhance the overall utility of Enogen, the corn trait, and ACE, the technology, in ethanol plants.

And of course it's a big end use and as we this year get this ACE plus Enogen technology developed out a bit further we're going to be in a position to be able to give you a little bit more of a straight edge on that. But for us it's an exciting development and puts more clearly the potential of Enogen to begin to move the market share of our corn seed business over the coming years.

John, Ukraine?

John Ramsay

Maybe just a quick supplemental on Touchdown, Andrew, as well. In addition to the profitability point, we've also got -- a large market has been Argentina. And one of the challenges we're managing there, and managing it quite well, is getting the ForEx for imports and it doesn't make a lot of sense to be using up whatever good offices we have in accessing ForEx for Touchdown. So it's another angle to it there.

So far as Ukraine is concerned and credit, you're right to ask the question about this because one of the consequences of the situation we find ourselves in, in Ukraine is reduced liquidity. It has always been short of liquidity but these events with the political situation with Russia have exacerbated that. So it's critically important we manage credit very well.

We have for some years, and we've been taking specific action really to ensure that we're choosing our customers well. This is a fundamental of any credit risk management, and we have been doing that over the years and developing partnerships and building businesses of companies there, distributors, who are keen to work with us and build the business as the market grows.

But we do have quite tight policies so we do have a considerable amount of advance pay, about 40 percent advance pay, and we manage it very well. I think the evidence for that is that we have collected 100 percent of the 2013 sales; not a single dollar was lost in collections in Ukraine. So quite a credit to the team but it is something we have to continue to manage really well.

Andrew Benson - Cit

Thanks very much.

Mike Mack

Thank you Andrew, Operator?

Operator

Paul Walsh, Morgan Stanley.

Paul Walsh - Morgan Stanley

Thanks very much. It's Paul at Morgan Stanley. Morning gentlemen. Just a couple of questions from my side. Could you just give some guidance with regards to the reduction in seed costs that you're going to see this year? I think in total a combination of the absence of the write-down and the lower seed costs were going to add \$240m to EBITDA this year, so somewhere around the \$70m for seed costs. Can you split that between the impact in the first and the second half for me?

And secondly, just coming back to some of the comments around pricing, it seems like there's a bit more of an industry-wide push to use pricing as a mechanism to keep margins up. How are you feeling about share developments through the first quarter and moving into the second quarter? That's it. Thank you from my side.

Mike Mack

Pardon me. I'll just -- good morning Paul. Maybe I'll take the share development and ask John to comment further on seed cost breakdown first and second half, and pricing.

As is always during the Q1 it's extremely difficult to talk about share evolution. For example, in North America at this point in time the season hasn't gotten underway and I would only say about North America on that score, we don't really know that until, on the seed side of the business until Q3, and on the crop protection side of the business we've got a bit of the sense of that by the time we get around to H1.

But we've got the leading herbicide product line. We've got a great fungicide offer. As I said earlier, about the corn soybean seed. What I like is that our business is increasingly tilted to what the market is looking for here. More insect control, more refuge in a bag. Of course, no surprise, the China situation has not helped the evolution, further evolution of Viptera, but again time will tell about that.

In Europe, again it's off to a great start and I like our sales evolution so far. None of our major competitors have come out with their numbers yet so I think it's still early days to make a call on that. But overall, terribly pleased, of course you could imagine this, to receive the Solatenol registration, and some of these new products like Vibrance have given us a real bounce and looking forward to getting on with the balance of the year.

Paul Walsh - Morgan Stanley

And just on that, Mike, the bottom line is you're still pretty confident of taking that 50 basis points of share as part of the longer-term growth targets?

Mike Mack

Yes, sure. When we came out with that -- two things about that, Paul. First of all, we said it was part of a \$25bn sales target and along the way of course the market has been bigger than what we anticipated as we look back over the last now almost three years. When we set this \$25bn target, 8 percent was embedded in there and people said, well, in order for you to get that 8 percent it's going to have to be a share gain and the market's going to have to be something like, the overall market something like 6 percent or 7 percent.

So the market has beaten it and given us a little bit of headroom on the share evolution, but the last couple of years in the context of some of our major competitors, and here I'm referring to the chemical space, having some of the new SDHI products, and we're just now coming into those ourselves. And we were getting ourselves re-trained on refuge in a bag and so some of those things the last couple of years that were always going to be a bit more difficult for share evolution are now behind us.

So, yes, for sure, we aim to grow our market share in this business on the back of integrated offers, but more importantly on the back of new products that are coming out across the crops and seeds and traits, as well as chemicals of course.

John?

John Ramsay

Your second question was about the seed costs and trying to get a split between the first half and second half. There were two components to that \$240m round number. One component was seeds write-off which we recognized in the second half of 2013. So therefore the comparable will be affected in the second half of that \$170m amount. The other \$170m amount was essentially due to, the largest part due to the prior year drought in terms of increasing the costs in North America largely but not exclusively and some Latin American costs. And I'd say that that is about two thirds half one, one third half two.

Paul Walsh - Morgan Stanley

One third half two. And just as an extension of that question, if we're talking about a 2 percent real price increase across the portfolio this year, we're essentially year on year

looking at a pretty decent uplift to EBITDA from that. You talked at the full year numbers about the increased R&D cost, the employee cost, and now you've given us some more guidance on the FX hit. Most of that is going to get offset by the price increases if that's sustainable for the rest of the year, no?

John Ramsay

Yes I think there's some moving parts here, largely the currencies which have changed. But I think we said at the full year that we would be anticipating a slight increase in EBITDA margin and that remains our view. After the higher R&D and the higher employee costs, we'd expect still, for the reasons you've said in terms of lower seed costs and pricing, we'd have that slightly higher EBITDA margin. Now currencies will impact that but at this stage we're still saying that, yes.

Paul Walsh - Morgan Stanley

Okay. Thank you very much.

John Ramsay

Thank you Paul. Good day.

Operator

Andrew Stolt, Bank of America - Merrill Lynch.

Andrew Stolt - Bank of America - Merrill Lynch

Yes, good morning. The first question is sort of a general one on the wheat price. It's been an amazing run in the last couple of months and I realize that year on year I guess there's not been an enormous amount of inflation. But I'm interested how that has impacted the mood of the market then and what you're seeing in your own momentum. So maybe give me an idea of the shape of Q1 and whether you've seen an acceleration through it.

My second question is on the cash flow guidance. So looking at obviously your statement, you're sticking to that target. I suppose from my side I was thinking a 2 percent volume number is not huge and you'd obviously carried a lot of inventory into the year-end. So -- and of course on top you've got the currency issue, which you raised. So is it fair to assume that that target, if you were to mark to market, you're going to be slightly lower? Is that a fair comment? Thank you.

Mike Mack

Morning Andrew. On the wheat, as is often the case here we get this question about the relationship between crop prices on the one hand and farmers' propensity to spray on the other. From everything that we can tell, the bounce that we've had in fungicide here in Europe is completely driven by the weather and the weather is early pest pressure on fungus and farmers have gotten out after it. That the wheat price has been favorable has just given them that much more encouragement. But the catalyst for it hasn't been the pricing and therefore let's go out and spray some more. An early -- that spring broke early was the predominant reason.

John, on the second?

John Ramsay

Yes, I see the point to your question, Andrew. In so far as the, yes, we did say that the free cash flow target for the year would be about \$1.5bn before acquisitions and clearly currency is the major thing that's changed since we last spoke at the full year. The net \$50m that we -- of increase in terms of the currency impact, we said \$50m negative impact, we're now saying \$100m, and that is net of price increases, largely associated with CIS, will impact earnings.

So your question is will it impact cash flow. I think we can still achieve the \$1.5bn before acquisitions but, yes, you're right, that currency has eaten into the contingency if you like. But \$1.5bn before acquisitions remains our target.

Andrew Stott - Bank of America - Merrill Lynch

If I can come back, John. I suppose my question was more about the volume performance than it was about currency, just thinking about the inventory side of the cash flow target.

John Ramsay

Yes, the inventory, as we've discussed, is the major impact on the cash flow. We built large amount of inventory last year for reasons we've explained, and that's going to reduce this year. But assuming that we get a reasonable season, which we are still assuming, then we are on course to achieve that inventory reduction. There'll be some big decisions made around the middle of the year. As you know, the inventory periods are about seven months and we do have to have a pretty good view of what's happening in Latin America. But subject to making those calls, making good calls in June or July, then we believe that we'll achieve the inventory reduction.

Andrew Stott - Bank of America - Merrill Lynch

Okay. Great.

John Ramsay

Inventory reduction of course, basically what we're talking about is flat inventories. We're essentially not building inventory opposite to the sales growth but that is inherent in the \$1.5bn.

Andrew Stott - Bank of America - Merrill Lynch

Yes, okay. Thanks John.

Operator

Laurence Alexander, Jefferies.

Laurence Alexander - Jefferies

Good morning. I have two quick ones. First, on Viptera, has there been any discussion of this year giving your farmers some insurance about if crop gets rejected from China sharing any losses with Syngenta? There's been some discussion in the US about whether that might be one approach to look at.

And secondly on Enogen, can you give an update on the number of plants who are actually trialing Enogen now?

And to clarify the profit capture, are you looking at about a third value capture of the \$0.16 to \$0.26 profit creation you're talking about or is it going to be a lower value-capture equation?

Mike Mack

First, on the Viptera, I'm not sure I understand, completely understand the question beyond to say that farmers don't have any exposure whatsoever to Chinese corn rejection. When they sell their corn into an elevator, the elevator then sells it on to a grain trader where, if and where there is any financial exposure from a rejection, that's between the two parties, the importer and the exporter of corn. The farmers don't involve themselves in that. So with respect to indemnifying a farmer, backstopping their losses, there's no need for Syngenta to do that because the farmer doesn't have any exposure to that. Does that answer your question?

Laurence Alexander - Jefferies

Yes.

Mike Mack

Okay. And with respect to Enogen, we're in five plants right now, and by being in a plant of course that's a 24-hour a day, 365 day a year basis. It's all day every day. And we have seven additional trials planned this year and this is against the backdrop of an addressable market of the dry grind ethanol method of about 170 plants, to give you some sense for the huge potential of this.

With respect to the value capture, perhaps to oversimplify it, what we have done is because there's value conferred to the ethanol plant through the use of Enogen in a reduction of their overall inputs and more productivity using Enogen because it breaks down more quickly than the competitive mixture would, this is a benefit to them. And in exchange for that benefit we are asking them essentially to buy corn from our corn growers.

And so prior to Enogen the ethanol plant purchasing department would not necessarily preference one farm or one farmer versus another farm or farmer. And what we're asking them to do now is to preference our farmers. And so the value capture for us is that that farmer is growing Syngenta corn, they're using Syngenta crop protection products and of course Syngenta seed treatment on their corn. So it's a perfect arrangement for them and a perfect arrangement for us.

Laurence Alexander - Jefferies

I guess if we can just clarify that because the ACE announcement seems like a very significant change in approach where you're trying to affect the process that they're using as well. Is there a capital outlay on your behalf or is there a value-capture arrangement around the cellulosic components as well that we'll come back to? And can you give us some sense because that seems like a fairly large jump in magnitude if there's a potential profit gain for the producers?

Mike Mack

I'm not sure I understand. You say there's a very large capital outlay for them for Enogen. What they have to do is merely quit using alpha amylase liquid enzyme for their process and instead use our corn. So it's not as if it's a conversion process. It's something that they have to be obviously attentive to doing well, but it doesn't -- it's not a huge capital matter for an ethanol plant to hook up to Enogen. Okay?

Laurence Alexander - Jefferies

Okay. Thank you.

Mike Mack

Thank you. Operator?

Operator

Sophie Jourdiar, Liberum Capital.

Sophie Jourdiar - Liberum Capital

Yes, morning. I've got a couple as well please. First, just on the seeds business, which I guess the growth was a bit low in the first quarter, and you've talked a lot about corn. Can you just talk about soy and diverse field crops? Perhaps is it just a late start to the season? What are the expectations for those crops on seeds for the rest of the year?

And then second, just a quick one again relating to costs. Growth investments, can you just remind me whether we're looking for another step-up this year? I think it's roughly been about \$200m step-up for the last few years. Are we still -- should we still be factoring that in for this year? And thanks.

John Ramsay

Yes, so thanks for the question. I think on seeds, yes, just a broader perspective than what we've discussed to date. Clearly the seeds numbers are affected by the late start in North America and as a consequence then corn and soy is looking flat. But put that in context of a quarter four where we had double-digit growth in corn and soybean in North America. But that's largely associated with the season. We also experienced reduced corn acres in Brazil as a result of the dry conditions. That's affecting the numbers.

In diverse field crops, there's a rotation issue goes on with sunflower which will come back in future years as the rotation reverses. But we're up significantly in sunflower in CIS, up by, I think seeds in CIS are up about 16 percent and a large part of that is sunflower. Elsewhere, ASEAN corn continues to grow very strongly, 20 percent. Vegetables, excluding the disposal of Dulcinea, vegetables are up a strong 9 percent, which is I think quite significant opposite more depressed levels of growth in recent years. And that's largely driven by recovery in Southern European markets and the emerging markets continue to be very strong. So that's broadly the outlook across the whole of the seeds portfolio.

In terms of growth investments then, you're talking this year about a step-up in R&D from close to 9 percent to close to 10 percent and that would be a bit under \$200m and maybe a little bit more for marketing. But this step-up is the last year of that three-year plan that we had. But, yes, for 2014 we should be thinking about a step-up in R&D growth investments.

Sophie Jourdier - Liberum Capital

Thank you very much.

Mike Mack

Thank you Sophie. Operator, we'll take the last question at this time.

Operator

Rakesh Patel, Goldman Sachs.

Rakesh Patel - Goldman Sachs

Hi. Good morning. Just a couple of questions left from me. First of all I just wondered, just going back to Enogen, whether you could talk a little bit about the licensing revenue that you expect to start coming through in 2015, perhaps dimensionalize that for us a little bit?

And then secondly, in terms of the SDHI chemistry, obviously you lost a little bit of market share last year. Are you seeing any indications that that's coming back much more strongly and we should see a good reversal of that this year?

And then finally, any update on Devgen now that it's been in your portfolio for over a year now? That would be great. Thanks very much.

Mike Mack

Good morning Rakesh. First on Devgen, going perhaps reverse order here, Devgen was always going to be on the R&D side. That was always going to be a very long investment. By long I mean on the RNAi technology those products won't be in full swing until later part of this decade or early in the subsequent one.

But all, everything that we have learned since the acquisition just makes us more and more pleased that we did it. The rice seed business that we picked up from them is in full swing in India and people are very pleased with it. I know this isn't -- on a somewhat less important front, we named the head of Devgen's business to be the head of our South West Asian business. He's now the new head of India and that is just symptomatic of how well that integration has gone and the ability of that rice seed to pull along some integrated offers.

On SDHI, yes, we are absolutely set to now be on the march to recover some of the share loss from last year. That's going to be a ramp-up of course and we're putting in place some significant investment in our manufacturing facilities to be able to meet the opportunity. And by the opportunity, you saw on the slide that it's not only better than the standard but it's better than the competitive offer. And of course you will have seen that as well with your own eyes when you visited us down in Brazil this last year. And of course that market is still well in front of us but the chemistry will speak for itself.

And on -- just to be sure I understand the licensing question on Enogen, would you restate it?

Rakesh Patel - Goldman Sachs

Yes I just wondered if you could talk about the licensing revenue potential from Enogen going out into 2015, especially given that you've told us now there's an addressable market of around 170 plants?

Mike Mack

Yes, but remember there's two things that are going on here. There's us licensing ACE technology to double down on the profitability of ethanol plants through the use of Enogen. And the way to think about that is it's a licensing fee that's paid to the owners of that ACE technology, but for which we get a benefit by accelerating the implementation of our bio-based -- our biofuel-based strategy for corn. But we don't otherwise license Enogen to anyone else.

So the game for Syngenta is how fast are you going to get into some of these dry grind mills using Enogen technology and, to the extent that this further turbo-charges the Enogen offer, are we going to be able to get more value capture than merely the corn acres that we are going to pull through? And the answer to that is that's still in front of us but we have to sharpen the overall value proposition now for Enogen plus ACE. And that's over to us to now do that and tell you more about that just as soon as we can after some of these trials are completed.

Rakesh Patel - Goldman Sachs

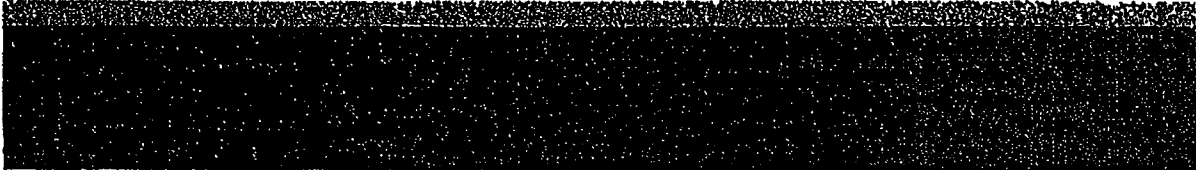
No that's great. Understood. Thanks very much.

Mike Mack

Thank you Rakesh. And ladies and gentlemen, thank you for joining our call. Of course if you have any subsequent questions feel free to call Jennifer or Lars Oostergaard in Investor Relations. And have a great day and talk to you in a couple of months. Thank you.

Operator

Thank you very much. That does conclude our conference for today. Thank you for participating. You may all disconnect.



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Transaction ID: 57889531

Date: Sep 18 2015 04:01PM

Mark Von Nida

Clerk of Circuit Court

Third Judicial Circuit, Madison County Illinois

EXHIBIT P

Seeking Alpha ^α

Syngenta's (SYT) CEO Michael Mack on Q2 2014 Results - Earnings Call Transcript

Syngenta AG (NYSE:SYT)

Q2 2014 Earnings Conference Call

July 23, 2014 02:30 ET

Executives

Jennifer Gough – IR

Michael Mack – CEO

John Ramsay – CFO

Analysts

Tony Jones – Redburn

Sophie Jourdier – Liberum Capital

Laurence Alexander – Jefferies

Thomas Gilbert – UBS

Christian Faiz – Macquarie

Patrick Rafaisz – Bank Vontobel

Ronald Koehler – MainFirst

Andrew Stott – Bank of America Merrill Lynch

Patrick Lambert – Nomura

Operator

Welcome to the Syngenta half-year 2014 results call. (Operator Instructions). I must advise you that this conference is being recorded today, Wednesday, July 23, 2014. I would now like to hand the conference over to your first speaker today, Jennifer Gough. Please go ahead.

Jennifer Gough

Good morning, and welcome to the call. The presentation today is hosted by Mike Mack, CEO, and John Ramsay, CFO. The slides to accompany the presentation are available on our website, syngenta.com.

Let me first draw your attention to the Safe Harbor statement on slide number 2. This presentation contains statements which may be subject to risks and uncertainties that could cause actual results to differ. We refer you to Syngenta's publicly available filings with the U.S. SEC for information about these risks and uncertainties.

And with that, we'd like to start the presentation on slide number 3. I'll hand you over to Mike.

Michael Mack

Thank you, Jennifer. Good morning, ladies and gentlemen. We made good strategic progress in the first half of 2014. The financial performance was below our initial expectations for two reasons; a late season in North America and adverse currencies. Weather conditions were favorable in Europe but very challenging in North America, where the delay in plantings significantly reduced crop protection usage.

From the growers' point of view, the U.S. season now looks to be a decent one, to the extent that plantings have caught up and crop condition is good. However, the strong outlook for production globally, following on from a good year in 2013, has put additional pressure on crop prices in recent weeks.

With grain demand growing steadily, in line with long-term projections, sharp swings in supply, usually driven by weather, give rise to periods of volatility; a recurrent feature of this industry but one which, as we've seen before, tends to even out.

Overall, integrated sales in the first half were up by 4% at constant exchange rates, with Europe, Africa and the Middle East up 7% and North America down 6%. Emerging markets, including Latin America, Asia Pacific and Eastern Europe, show continued momentum with sales up 11%.

Adverse currency movements in a number of these emerging markets were partly offset through our determined focus on price. Underlying pricing excluding the currency related adjustment and glyphosate, was firm with an increase of 2%. While reported results were affected by the currency headwind, at constant exchange rates margins improved.

Please turn now to slide 4. Let me start with North America, where the prolonged cold temperatures in the U.S. delayed the season. Wet conditions at sowing time reduced pre-emergent herbicide sprays and the level of disease and insect pressure was lower. The reduction in corn acres also had an impact on our sales.

In Canada, a decline in cereals acreage was exacerbated by flooding in the second quarter. And in this difficult environment, one bright spot for both territories was the growth in seed care, driven by our new SDHI product Vibrance.

In Europe, Africa and the Middle East, the weather situation was altogether different. An early start to the season led to high weed, disease and insect pressure. The strongest contribution to growth came from fungicides, with broad growth across the portfolio and rapid expansion of Seguris, another SDHI product. The CIS countries saw double-digit growth despite the political uncertainty.

Asia Pacific saw broad based expansion across the region. This came from developed as well as emerging markets, with rainfall in Australasia increasing grower confidence there. Among the emerging markets, performance in South Asia was particularly strong, reflecting the success of our vegetable protocols and our corn hybrids.

Finally, Latin America, which saw good growth in the low season. Fungicide consumption was reflected in sharp increase in sales. In Brazil, insecticide sales were boosted by the rapid spread of the *Helicoverpa* caterpillar, which is becoming the latest case study of just how quickly new pest pressures can develop, and which more than offset reduced weed pressure owing to dry weather in Brazil.

Let me now hand you over to John for a detailed review of the financials. John.

John Ramsay

Thank you, Mike. Let me take you through the key points starting on slide 6. Reported sales were up 1% at \$8.5 billion. Integrated sales were up 4% at constant exchange rates, comprised of positive price and overall flat volumes. Good volume growth in three out of four regions was offset by lower sales in North America.

EBITDA was 3% lower at \$2.1 billion. At constant exchange rates, the margin was up 60 basis points to 26.6%. Net income, at \$1.4 billion, was 1% lower. Earnings per share stated before restructuring and impairment were 2% lower at \$15.60.

Please turn to slide 7 to understand our sales progression. Price contributed \$301 million overall. This figure includes the price contributions from Touchdown of \$70 million shown on the chart, as well as increases to offset currency depreciation at \$60 million. The underlying price increase for the first half is therefore around 2%.

The volume bars show the broadly equal contributions from Europe and Latin America. Performance in Asia Pacific was also solid. But disappointingly, these strong performances were almost entirely offset by the decline in North America. Lawn and garden sales were marginally lower in the first half, and the negative impact of currency on the top line was \$195 million.

So please turn now to operating income on slide 8. In the first half, price contributed \$231 million to operating income, and this figure excludes the contribution from Touchdown of \$70 million I just mentioned. As a reminder, we recovered glyphosate cost increases in price broadly on a dollar for dollar basis.

Savings from our current operational efficiency program contributed \$60 million. The positive contribution from cost of goods sold includes \$50 million benefit from the lower seeds production cost, and this benefit was partly offset by a \$20 million charge from running plants below capacity. This follows a high level of crop protection inventory at the end of the Latin American season in 2013. For the full year, I would expect this figure to be in the region of \$70 million, largely as a result of the lower North American sales this year.

Cost inflation of \$85 million came mainly from emerging markets, and represents an increase of just over 3% on the total cost base including fixed production costs. Growth investments to support the integrated strategy, both in R&D projects as well as new business models, amounted to \$80 million. For the full year, I would expect total growth investments to be around \$170 million, with R&D peaking at the upper end of our target of 9% to 10% of sales this year.

The gross impact of currency in operating income was \$206 million, but the net impact was lower, as I will explain in a moment. The negative movement in other reflects the non-repeat of a gain realized on changes to the Swiss pension scheme in the first half of 2013.

Overall, operating income was down 5% to \$1.8 billion. On a currency adjusted basis, the operating income margin increased by 60 basis points to 22.9%.

Please turn to slide 9. The chart shows you the period of currency volatility since 2012, in particular the weakness of emerging market currencies. 2014, a sharp depreciation of the CIS currencies coincided with our peak ordering activity. In Ukraine, we've largely recovered currency losses through in-season price increases, and I expect further price recovery in Ukraine and Russia next season. Over the same period, the Swiss franc and pound sterling have strengthened, and a considerable proportion of our cost base is in these currencies and this has also impacted profitability adversely.

In the first half of 2014, the gross currency impact on EBITDA was \$203 million adverse. Net of price recovery, the adverse impact is around \$140 million. For the full year, on the basis of current exchange rates, I forecast an adverse impact on EBITDA of \$100 million to \$120 million on a net basis.

On the next two slides, I will take you through the evolution of sales and profitability across the four regions. The currency dynamic I have just described is a significant feature of the reported margin evolution, with adverse impact in all regions except Latin America. Therefore, in order to avoid repetition, I will not explain it for each region.

Let me start now with the northern hemisphere regions on slide 10. Europe, Africa and the Middle East benefited from an early spring, which drove increased crop protection intensity across the region. In the European Union, the suspension of neonics led to lower sales of Cruiser, which were partly substituted by sales of older chemistry. Sales of high-margin sunflower seeds were lower owing to acreage reduction, mainly in South East Europe.

The North American margin includes the negative impact of significantly lower volumes as a result of the poor weather. At the same time, this season has seen a significant shift from corn to lower input intensity soybeans. Despite the challenging season, the business generated solid price increases in the first half.

I'm turning now to the other regions on slide 11. The first-half margin in Latin America is not representative of the full year, because it is low season. Growth in high-margin activities such as fungicide and insecticides combined with action to cut back on Touchdown volumes. This had a beneficial impact on profitability. This enabled the business to fully absorb continued growth investments.

In Asia Pacific, we saw double-digit growth both in the developed and emerging markets overall. In Australia, normalized weather patterns led to a strong growth in the crop protection portfolio. China delivered mid-teens growth,

as the adoption of modern crop protection technology continued, and overall Asia Pacific maintained profitability on a reported basis.

Please turn to slide 12. The lawn and garden business generated double-digit growth in emerging markets, albeit from a small base. In developed markets, flower sales were lower owing to the late spring in North America and a continuation of the subdued consumer environment in the euro zone.

The currency impact on EBITDA margin was 160 basis points. On a constant currency basis, the margin in the first half was slightly lower at 20.9%. Our strategy of focusing on elite genetics and high-value chemistry has resulted in increased business quality, and our EBITDA margin target for this business is 20% in 2015. Despite 2014 being challenged by adverse currency impacts, it is my belief we're still on track to deliver the target in 2015.

Slide 13. Crop protection sales were up 5% despite the late season start in North America. The chart shows that we have maintained a 5% average first-half growth rate since 2009. Selective herbicides increased 2%, with strong growth in Europe and Asia Pacific more than offsetting lower sales in North America, and to a lesser extent Latin America.

Non-selective herbicides were up 10%. As I mentioned earlier, we cut back on Touchdown volume in line with a focus on integrated offers and glyphosate resistant mixtures. The resulting volume reduction was more than offset by significant price increases, together with strong growth in Gramoxone.

Fungicides were up 8%, and this reflected solid growth in Europe and in Latin America, led by Seguris and Amistar, respectively. North American sales were lower due to the late season. In insecticides, growth of 10% reflected an increase of more than 50% in Durivo. Ongoing global growth in Actara also contributed significantly. Seed care sales were 7% lower. In European Union, the impact of the neonic suspension resulted in \$32 million in lost sales. In Latin America, sales of seed treatment to other seed companies were also lower.

Turning now to slide 14, which shows the sales of new products up 65% in the first half. Clariva, a biological nematocide seed treatment, has been successfully launched on soybeans in the U.S. for the current season. Fortenza is our new insecticide seed treatment which has been rolled out in Argentina for use on soybean, corn and sunflower.

Outlined in orange, you can see our SDHI family of products, all of which are gaining momentum this year. Vibrance seed treatment sales in North America are up 33%, and the product has now been launched in all regions. Seguris, which controls a number of major diseases in cereals, grew by more than 60% in Europe in the first half.

In Brazil, we've seen strong early demand for our new SDHI fungicide Elatus, for control of soybean rust. In early July, we passed another milestone with registration in Argentina, and sales of this product will feature in the main season starting in September of this year, and Mike will tell you more about the Elatus launch preparations in just a moment.

So please turn now to seeds on slide 15. In the first half, reported seed sales were 1% lower. On an adjusted basis, excluding the Dulcinea divestment in 2013, it would have been 1% higher.

Corn and soybean sales were up 2%, with corn sales unchanged despite lower acreage in both the U.S. and Latin America. Strong growth in soybeans in the U.S. reflected the completion of the portfolio transition to the Roundup Ready 2 technology platform, as well as increased acreage.

Diverse field crop sales were 4% lower, and this reflected a reduction in sunflower acreage in South East Europe as well as a performance issue in our sugar beet portfolio in the U.S. And finally, vegetable sales were 3% lower on a reported basis. Adjusting for the Dulcinea divestment sales were up 5%, reflecting strong growth in emerging markets.

Slide 16 gives you the bridge from operating income to earnings per share. Operating income I've mentioned earlier was 5% lower. Net financial expense, at \$100 million, was slightly higher due to the increased hedging costs associated with emerging market growth.

The tax rate was unchanged from the 2013 full-year level at 15%, but lower than the 18% at the half year last year. And for the full year I would expect the tax rate to be similar or slightly higher. Restructuring costs for the half year were lower at \$45 million. Earnings per share were 2% lower at \$15.60.

Free cash flow, now on slide 17. The seasonality of our business means that we always experience significant working capital outflow in the first half, and this is what underlies the \$1.6 billion outflow you see on the chart. Free cash flow generation occurs in the second half, as receivables are collected.

The box in the top right shows the cash flow movement contributed by inventory. In the first half of 2013, inventory build amounted to \$35 million from the start of the year. In 2014, we have reduced inventory by \$393 million, a swing of \$428 million.

As the Latin American season progresses, and despite the significant volume shortfall experienced in North America, for the full year we target a reduction of period-end inventory as a percentage of sales by 2 percentage points compared to prior year.

Capital expenditure totaled \$312 million in the first half. And for the full year, including expenditure on intangibles, I would expect around \$750 million and this reflects increased investment to meet growing demand in emerging markets.

Cash flow for restructuring was slightly lower than prior year. And financing, tax and other amounted to \$280 million, which is lower than the income statement charge. The negative free cash flow before acquisitions of \$113 million was over \$200 million better than the prior year. Acquisition expenditure of \$37 million was similar to last year.

Owing to the impact of currencies and the North American season, my free cash flow projection for the full year is now \$1.3 billion before acquisitions. Please turn to slide 18 for more detail on receivables. The blue line on the chart on the left shows how our presence in emerging markets has increased since 2005. The green line shows that during this period receivables overall have been well controlled and remain broadly stable as a percentage of sales.

Strong credit management capabilities and processes are well embedded in the commercial functions of our business, and this has enabled us to develop innovative financial solutions such as barter and distributor financing arrangements. Further, our intimate connection and understanding of the customer has seen us able to secure receivables, where necessary, in order to minimize risk.

The culture of risk management in the Company underpins our collections record, as evidenced by a reduction in DSOs in Southern Europe in 2013. We have proven experience of operating in high-risk countries. For example, in Argentina, we've proactively constrained sales and increased securitization, and in Ukraine we have collected 100% of 2013 receivables.

Before handing you back to Mike, let me conclude with the outlook on slide 19. As the chart shows, the contribution of the second half to full-year earnings has increased historically, due in particular to the growing importance of Latin America. Significant non-repeating events in 2013 caused a temporary break in the trend. Looking ahead, in 2014, I would therefore expect the percentage contribution to increase when compared to 2013.

In the second half, we expect an acceleration of sales growth for the integrated business. The first half has already established portfolio momentum in Latin America. Our full-year sales growth expectation of 6% at constant exchange rates for the integrated business remains unchanged.

The gross margin will improve in the second half, as the \$170 million inventory provision incurred in the second half of 2013 is not repeated. I expect the net currency impact on EBITDA to be positive in the second half by around \$20 million to \$40 million. In 2014, the total restructuring charge to the income statement, as well as the associated cash outflow, will be around \$200 million. And we are on track to deliver savings from our program of \$115 million.

In a moment, I would like to talk to you about cash generation in the longer term, but first let me hand you back to Mike for an update on our strategy.

Michael Mack

Thanks, John. Please turn now to slide 21, which we first showed you in February this year. The most immediate gains from our integrated strategy have come from level 1 in the icon, leveraging the combined field force. In the territories that have been most successful, we've identified some common themes; a broad portfolio covering multiple crops, superior sales force capability, needs-based grower segmentation and strong channel partnerships. Success in these areas creates a platform for driving level 2 and level 3 offers.

The next slide gives you more detailed analysis of where the strategy has worked best so far. The slide shows you the evolution of market share for each of our 19 territories over the past three years. The horizontal axis shows the change in crop protection market share and the vertical axis shows seed share.

On a global weighted average basis, we've registered modest share gain in both crop protection and seeds. The territories contained within the orange oval have succeeded in both businesses and represent more than 40% of Group sales.

Brazil and South Asia are included in the oval, because each has experienced one-off effects in crop protection. Brazil saw a sales shortfall in 2013 owing to the delayed registration of Elatus, while sales in South Asia have been reduced by range rationalization. These effects are both now expected to reverse, resulting in share gain.

Overall, it's the emerging markets shown in blue that have been clear beneficiaries. These are high-growth markets driven by intensification and technology adoption. Developed markets shown in green have, with the notable exception of Iberia, proved more challenging by virtue of their more mature agriculture systems.

The two outliers in the bottom left corner, Canada and EU North, have been affected in particular by headwinds in the cereals market. I shall come on to these developments in the cereals portfolio shortly.

We've learned a lot over these past three years, and have built these learning's into the commercial pillar of our operational leverage program. In addition, a number of portfolio and marketing developments give us a clear trajectory for shifting more territories into the top right corner. But first, two slides that show how both our crop and seeds portfolios have been generating market share gain.

Slide 23, Syngenta is the seeds market leader in four of the five territories you saw positioned in the top right corner of the prior slide. In all five, seeds' market share has increased further since the launch of our strategy, as shown now here in the upper chart. The lower chart shows that crop protection's share has also grown.

Seeds are the growers' first decision point, and they create a connection which expands the opportunity for crop protection. We've been helped by the breadth of our seeds portfolio. In all of the territories shown, corn, sunflower and vegetables have all contributed to the share gain. This breadth is matched by our crop protection portfolio and maximized through a crop-based approach.

However, a leading crop protection offer can on its own also drive share gain, as the next slide shows. The chart on the left shows the growth in our sugar cane business in Brazil over the last five years. This has been achieved despite the recent market conditions and is reflected in a market share increase of almost 12 percentage points.

The increase has been driven by the agronomic protocols based primarily on crop protection, which are illustrated on the right. These cover every phase of sugar cane production and deliver a 10% to 20% increase in yield. In addition, our crop-based approach has created strong grower relationships which have been further developed through our work to bring Plene concept to market.

And this morning we announced a breakthrough which should now enable us to reach the potential of Plene on a commercial scale, slide 25. We've signed an exclusive license for a new technology called Ceeds, which will allow the production of encapsulated sugar cane plant tissue in a greenhouse environment. This will enable higher multiplication rate and lower unit costs. It will leverage our existing Plene capabilities and infrastructure, using high-quality plants produced at our bioreactor in Itapetininga.

The new Plene will be complementary to Plene Evolve and Plene PB, launched last year, which are designed for nursery production and gap filling. The buds that you see here on the slide have a longer shelf life than the original Plene concept, which should resolve the logistics challenges we encountered. New Plene means a step change in planting speed and quality, with the target market comprising roughly 2 million hectares of Brazilian sugar cane which are replanted each year.

Turning now to the developed markets and to the ways in which we can grow share, starting with Western Europe on slide 26. In the European territories, we've been hampered over recent years by lack of innovation, notably in cereals, and this situation has now changed.

Firstly, we're leveraging our hybrid barley offer and continue to improve performance through breeding advancements.

The chart on the left shows the continuous improvement in yield versus standard varieties from new launches in Germany and France.

The chart on the right shows you the acreage projection for the Hyvido offer, with growth in existing and new markets. The offer incorporates a crop protection protocol for which we are now offering a cash back yield guarantee, and the target sales for Hyvido is over \$500 million.

Slide 27. Our crop protection portfolio shown on the left now includes a number of new products which will play an important role in reinforcing our market share in Western Europe. But we came to market with SDHIs later than our competitors; Seguris and Bontima are now well established. Vibrance has just been launched in France, and we're targeting a Solatenol launch now in 2016.

The right-hand side of the slide shows that in cereal seeds we've stepped up the pace of acquisitions and collaborations, with three announcements in the first half of this year. The acquisition of PSB and the collaboration with AB InBev are a continuation of our focus on meeting value chain requirements in both wheat and barley.

By acquiring Lantmannen's winter wheat business in Central Europe, we've further expanded our germplasm base. We're already the world leader in cereal seeds. While the market size is currently small, we believe there's significant scope for expansion, particularly through the hybridization of wheat.

Turning now to North America on slide 28. This is a large and distinctive market, characterized by the relative importance of seeds compared with crop protection and seed care. Our combined market share is around 15%, which is unchanged since the launch of the integrated strategy.

As you already saw, this represents a slight gain in crop protection and a slight loss in seeds. We've not yet been able to fully reap the benefits of our leading corn trait technology, most recently because of the headwind from the Chinese approvals process. In addition, with 70% of our U.S. corn seeds sales going through seed advisors who do not sell crop protection, the opportunity to leverage our chemical portfolio is thereby more limited.

Our future focus in seeds is clear, with two priorities; the reinforcement of our seed advisor network and the promotion of our unique and differentiated technologies. In North America crop protection market, the growing need to address resistance actually argues for a growth rate which could well surpass that of the seeds market, and our portfolio is ideally positioned to maximize this opportunity.

Slide 29. Over the next five years, we plan more than 60 new product introductions across North America, which marks an upturn in our innovation cycle. In seeds, our capacity to innovate has already been demonstrated by differentiated seeds technologies including Enogen, Artesian and Duracade. In crop protection, we expect to launch two major new active ingredients in the next two years, Acuron and Elatus. Acuron will build on our leadership in corn, alongside the existing Callisto family.

At the same time, the importance of solo glyphosate in the portfolio will diminish, as we drive our leading position in mixtures for both corn and soybean in a context of widespread glyphosate resistance. We'll build on our strong seed care position with Vibrance and Clariva, which will further augment our whole farm offers.

Slide 30. The crop protection potential in North America reflects a phase of accelerated delivery in our global pipeline, which has total peak sales of potentially over \$2 billion. 2014 is a milestone year now, with three major new introductions. These products alone are expected to generate peak sales of more than \$1.1 billion. The most significant is of course Elatus, which is being launched in time for the Brazilian season in September.

Slide 31. Our Brazilian team has been driving the launch at full throttle. With more than 1,000 sales people behind it, to date they've reached some 90,000 customers and the response has been overwhelmingly positive, as illustrated by the customer testimonial, top right. This gives us every confidence that the launch of Elatus will enable us to resume the trend of share gain in Brazil starting in the fourth quarter of this year.

I shall now hand you back over to John to conclude the presentation with a review of our value creation focus.

John Ramsay

Thank you, Mike. Let me take a moment to remind you how we at Syngenta think about value creation in the longer term and the objectives we have set for ourselves.

Please turn to slide 33, which shows you the components behind our cash flow return on investment target of over 12%. The cash margin will be determined by the EBITDA margin and the tax rate. We've set a target of 24% to 26% for the EBITDA margin in 2018, compared with 19.7% in 2013. Over the same period, we will work to achieve the optimal sustainable rate of taxation.

Our aim is to improve the asset turn through both fixed and working capital efficiency. In addition to the 2014 targeted 2 percentage point reduction in inventory as a percent of sales, we also aim to structurally reduce inventory by a further \$600 million between 2015 and 2018. Tangible CapEx will remain below 5% of our sales, and our assumption for M&A spend is \$200 million a year.

These objectives I've just described have been set with the intention of generating growth accompanied by continuous improvement in cash conversion. I will now cover the more significant elements, starting with accelerating operational leverage program on slide 34. This is a reminder of the program that we announced in February.

The targeted contribution to the EBITDA margin of \$1 billion in 2018 will be to a 5 percentage point margin improvement in addition to the working capital release I just mentioned. The total cost of the program will be \$900 million over the period to 2018, and you can see how this is phased annually below the bars on the left.

Project teams are already working on the implementation of this program across the Company. We are on track to deliver savings in production, commercial operations and R&D, with a significant amount being realized in 2015.

Turning now to working capital on slide 35, the bars show you the evolution of working capital components. The line in blue shows you the volatility of yearend working capital, which at the end of 2013 was close to its previous peak in 2009. The average of the yearend working capital to sales ratio over the period was 33%.

In both 2009 and 2013, exceptional factors caused a sharp increase in inventory. On the basis of the last eight years, therefore, we can define inventory variability as being plus or minus 3% of sales or around \$500 million. Our aim of maintaining balance sheet flexibility has been set with this potential for volatility in mind.

Finally, the uses of cash on slide 36. In 2010, we instigated a shift in our cash return policy to prioritize continuous dividend growth over share buybacks, and the consistency of our approach since then is illustrated by the steady increase in the dividend paid, shown in the light green in the bars on the chart. The dividend compound annual growth rate over the period is 19%.

The dark orange line on the chart represents free cash flow generation and you can see that it is variable on an annual basis, and this is driven largely by the inventory variability I just described. Despite the variability, the trend line of free cash flow generation is increasing.

If you now compare the dividend progression with the recent level of free cash flow generation, you can see that we have leveraged the balance sheet in favor of the dividend in anticipation of future higher cash flow generation. Over a three-year average, our three-year average payout ratio is around 60%, and this is very strong in our industry.

In conclusion, we have been able and we want to continue to be able to manage working capital variability, as well as take advantage of acquisition opportunities, while pursuing continuous increases in the dividend.

With that, I'd like to thank you for your attention and we will now open the line for questions. Operator?

Question-and-Answer Session

Operator

(Operator Instructions). And we have our first question from Tony Jones of Redburn. Please ask your question.

Tony Jones – Redburn

So, I've got a couple of questions. Firstly, on inventories in North America, how does that look in comparison to last year, especially for some of the high-margin products? Then also, in terms of pricing in the second half, with commodity prices weakening, is there any evidence or any measures to provide some distributed discounting to stimulate demand? And then finally, just on CapEx, the \$268 million in the first half and then the guidance on the 4%, 5% of sales, could you provide a bit of an indication what some of the major components of that actually are? Thank

you.

John Ramsay

Okay, Tony. In terms of inventory, I presume you're talking about in-market inventories, are you?

Tony Jones – Redburn

Yes, just worried about whether the inventory (multiple speakers).

John Ramsay

It's difficult to say exactly where inventories are. Clearly we're very conscious of the market declining issue, and we're not stocking the channel unnecessarily. In fact, I think we're even getting some indications that distributors have been circumspect themselves in terms of the levels of inventory, perhaps, and reducing inventory as a consequence of improving the cash flow in this year, which has been very difficult. So, at this stage, we've got no indication of anything to worry about in-market inventories in North America.

Pricing, second half, we don't really intend to try and get into discounting. Bear in mind that the northern hemisphere is largely over and it's about Latin America, and frankly the crop price effect on incomes for farmers in that part of the world has not been as pronounced as it has been in the northern hemisphere. So, we expect to continue with our current pricing policy in the second half, which is really 60% of our sales in the second half are about Latin America and it's all really dependent on that in terms of our second-half performance.

In terms of CapEx, well the CapEx, we announced a few years ago that there would be a high level of CapEx as largely associated with expansion in emerging markets, including assets on the ground where currently we are very asset light. But second to that, you'll be aware that we are entering a period of new product launches which are Solatenol; we've got Bicyclopyrone coming as well. So we're having to put capacity on the ground for these new active ingredients, which is a significant portion of the total.

Tony Jones – Redburn

Just as a quick follow-up, then, is it right to think then that the majority of that CapEx is relating to new blending or active production, so it will help generate the organic growth? So it's not --?

John Ramsay

A significant portion of it is indeed that, Tony.

Operator

And the next question is from Sophie Jourdlér from Liberum Capital. Please ask your question.

Sophie Jourdlér – Liberum Capital

I've got a couple, please. First of all, I just wondered, I am a bit surprised you've kept your full-year sales growth target unchanged at 6%, because I guess you probably hoped at the beginning of the year to do better in the first half than the zero volume growth you got, and a lot of the price increases seem to be due to offsetting the currency effect. So, I just wondered what have you seen in Eliatus? Is that why you've increased your expectations for the second half by default, despite a weaker crop price environment.

I'm just a bit confused by that, and I wondered whether you could help me perhaps in terms of what you're seeing on Eliatus or anything else that might have changed the second half. That's the first question. The second question is just whether you could give us a bit an update as to how the Viptera trait performed in the first half, given the regulatory problems you're having, and just an update as to where you stand in that situation at the moment. Thanks.

Michael Mack

Look, when we came up with this 6% sales target in February of this year and we were asked a lot about why 6% as opposed to 8%, what if anything does that have to do with crop prices at that time, and we felt like 6% properly reflected not only the potential all around the world but we were a little bit more circumspect about the pullback in

crop protection during the second half of 2013. And at that time, we also reminded people that Mother Nature accounts probably more than the crop protection did in crop prices with respect to the crop protection business, which of course is the biggest part of our business.

So, I think exhibit A in the first half of this year is just that, which is strong weather in Europe got them off to a galloping start, and the 7% indeed higher than the 6% that we forecast for the year. North America, late season and that fell below expectations. But with Asia Pacific at 10%, Latin America at 11%, and the final slide of course in my portion of the presentation, Elatus, there's just a lot to go for there.

It's a strip product. Of course, you saw it yourself last December, and that launch is ready to go. We don't have a registration in front of us. We've got it in hand. And so 6% is how we're calling it, because we think that that's what the natural rhythm of the business is going to provide for us.

You ask about Viptera and our regulatory issues. Actually, I think this is a regulatory matter in China as opposed to any regulatory matter with Syngenta. The delays coming out of China are such that people just aren't really understanding right now even what the process is.

We don't have it in hand and I wouldn't want to say any more about when we might have it in hand, beyond to say that there is no question; there is no technical question right now waiting from the Chinese about it, and it's been approved already in virtually every other market. So, we'll see what happens over the coming weeks, months, quarters.

Sophie Jourdiere – Liberum Capital

And just actually on Viptera, did it affect your sales in the first half? How were they versus last year with the --?

Michael Mack

Yes. First of all, we won't know with pinpoint precision exactly what Viptera will have done, beyond to say that we didn't see any impact of this on our sales and it's 30% of our portfolio. We regard us as having delivered on what we said in February, as well as the Q1, which is that Viptera sales are principally unchanged. And that's the good news.

Now, the question that we can never answer with any precision is what would have happened if we had had Chinese approval last year. Would we have advanced it? My suspicion is, we would have. Did it have an impact on our sales? I suspect it had an impact on our sales growth; yes, I do. But that's just where it is. But it certainly has not had an impact that a number of people had feared when this thing came into the forefront in January.

Operator

The next question is from Laurence Alexander at Jefferies LLC. Please ask your question.

Laurence Alexander – Jefferies

Two longer-term questions. One, on resistance management, the new license traits, is there a clause where if resistance develops you can renegotiate the license, or would we measure resistance management by your migration away from use of the trait?

Michael Mack

Every contract, by the way, is different. And I am not entirely sure if the centrality of your question has to do with soybean, for example or corn, but the thing that everybody is talking about, particularly in the Americas, is resistance to glyphosate, which is that resistance would be on wheat; does that have to do with corn, cotton, canola, soybean, et cetera? And by the way, the way Syngenta thinks about managing glyphosate resistance.

Sure, it has something to do with traits, but it also has a lot to do with the chemistry and has a lot to do with crop rotation, and this is where a big arsenal of technologies really plays to our strength. I don't want to over generalize your question. Does that get at the heart of what you were after?

Laurence Alexander – Jefferies

I guess what I am trying to tease out is the way that we can see the opportunity for you. Normally it's looked at in terms of volume opportunity on the chemistry side, but is there also a possible way to realign the royalty payments? Would that be a margin opportunity – margin enhancement for you down the road?

Michael Mack

Yes. By the way, I ended up answering a resistance question having to do with wheat, and of course resistance isn't limited to wheat. It spreads to fungicide – to disease and it spreads to insect management as well. And it's our experience that when resistance comes to a technology – and by the way, the first, best way to manage resistance is not to cause it to happen as acutely as it otherwise would, and that's by using multiple modes of action across multiple families of technologies as best we can. But when it comes, typically the solution over time is to bring to market new products and to put those together in clever ways, whether it's managing insects or managing wheat or disease, and that's what we're all about.

Laurence Alexander – Jefferies

Then the second question, your comment about expecting the share losses to reverse, do you expect to recoup the entire loss share that you flag on slide 22, or was it just a more general, at least the trend is going to change?

Michael Mack

Which one is – slide 22 is which one?

Laurence Alexander – Jefferies

I am sorry. The share – the change in share over the last three years for seeds versus crop protection.

Michael Mack

I think we had a number of references to – okay. Jennifer has pointed this out. Oh, fine, okay. In Brazil, the reference to reversing the share loss was in crop protection, and we flagged this solidly when in the fourth quarter of last year we did not receive the early registration for Solatenol and we lost shares as a consequence of that. We did get the registration now in February.

And as I indicated, we're getting ready for the biggest launch in the Company's history. The farmers have seen this technology. A number of the analysts have seen this technology themselves, and it's terrific. And so, in Brazil, that is going to be carried on the back of Elatus.

And in the case of South Asia, the reversal is because in 2010 we had the range rationalization in India, and that's what dragged that particular territory into the negative category with crop protection. But that range rationalization is behind us and India is performing very well indeed. (Indiscernible) chemical seed – chemical share matters.

Operator

The next question is from Thomas Gilbert of UBS. Please go ahead.

Thomas Gilbert – UBS

I'll be quick. First one, Elatus field trials for 2013, have those been released, because so far I've only seen 2012's performance in the field? The second one, do I understand you correctly in terms of your outlook for Latin America? The falling soy price here at the moment, you expect the soy to corn ratio to be the decisive factor, your rotation from corn into soy with the absolute acreage being solid, or do you think there is a risk that the acre soy/corn combined and including that we'll be down in Latin America? Can you give a bit of a feel for how you see acreage versus soy/corn mix going into Latin America?

The third question is thank you very much for the strategy slides; they're very helpful. If I look at them, my top-down conclusions would be you have to tweak the strategy into regions where your seed and crop protection market share is similar, and you've got to make your U.S. seeds business asset lighter. So the questions are is that the conclusions to draw from them? And can you go in the U.S. to a license-only model? You spent a lot of money on warehouses and R&D centers. What's, again, the one, two, three conclusions from those eight slides?

And the final question's an awkward one. Can you comment on the Monsanto approach? Who has approached who? And is this a story in the market that has credibility or not? And also, looking at M&A, the yen is quite weak; the Japanese players are very innovative. Why is there no consolidation in the Japanese crop protection chemical sector, please? What's your view there? Thank you.

Michael Mack

Thomas. I'll take them in reverse order, because they – I'll start at the bottom. First of all, M&A, Japanese consolidation, I can't comment on it, why it wouldn't. The Japanese frankly have been very innovative over these past 30, 40 years in the crop protection business, and it seems to me that that pace of innovation is set to continue. I don't get a sense that they are under any particular pressure to consolidate.

And on Monsanto, no, I won't get into any rumors beyond to say that it's been my experience there's been discussions on further consolidation since 2000, the year 2000, when the last significant transaction was done. But in each of the years since then, there has been all sorts of speculation about it. And so, no, nothing further on that.

On your third question about strategy and your takeaway point on slides 22 and 23, is that it needs to be tweaked. I won't – first of all, I think principally that's right. I think we – but that's not a learning for us from this.

It's something that we felt we needed to share with you now, two solid years into the integrated strategy, which is that the integrated strategy looks different in each one of the territories. The opportunities are different in each one of the territories. We start from a different position of strength in the crops in each one of these territories. And so I do think that it's correct to say that how we think about further executing it will vary from territory to territory.

And then you asked specifically about the U.S., and I think what is true about the U.S. is we have always had a mix in our channel mix has always been something like 70% direct through our seed network, our seed advisors, and 30% through the same distribution channel as crop protection. That hasn't fundamentally changed. It hasn't changed, actually, since the Company was formed back in 2000.

So, what you're hearing us say is our first, best opportunity in North America is to drive the distinctive technologies that we have, like Enogen and Artesian, and that these are coming along really nicely. Enogen, we're up and running now in six plants and we intend to further pursue that. And of course, corn to ethanol is a big part of the market.

And your comment about asset light, I don't think that's correct. By that, I mean when you look at our R&D infrastructure around the world, we put that in place in a way to be leveraged across all of the technologies, all of the crops, and so we don't think about tweaking our R&D platform to conform to the specificities of a given territory, so no. And by the way, when you say warehouses, we only put a warehouse up in place where we need a warehouse.

And in any case, to the extent that we will further gain efficiencies from either R&D or warehouses, which is in the context of production and supply, these are thoroughly covered within the accelerating operational leverage program, LATAM, and rotation acres and corn to soybean shifts. There is always a piece of that. Some of that has to do, of course, with the weather and the planting economics when it gets underway.

But make no mistake about it; the success of H2 for us is going to be predicated on the Elatus launch. And you know a bit about that and you saw in my final slide how excited we are to get underway with that.

The Elatus field trial results for 2013, Jennifer?

Jennifer Gough

Thomas, they are not published yet. They will be shortly and I'll be sure to let you have them.

Operator

Thank you. The next question comes from Christian Faltz of Macquarie. Please ask your question.

Christian Faltz – Macquarie

I also have a couple of questions. First of all, how much of the 16% decrease in diverse field crop seed sales is coming from Eastern Europe? Then, coming back to Elatus, how much sales in U.S. dollars do you expect from the

SDHI fungicides this year, globally?

And then third question is, the cost inflation of \$85 million on the operating income line where does that come from? You mentioned emerging markets from a return point of view, but what exactly is this on the product operating side? Thank you.

Michael Mack

The decline in DFC is mostly from South East Europe, Ukraine in sunflower, and there is some decline in sugar beet in France. Christian, good morning. John, on the total amount of SDHI?

John Ramsey

There's no good having a number on the total. You can see that SDHI are growing, I think, from the slide in the pack, but certainly for the number for Elatus we're looking at something like \$300 million from Elatus in Brazil to add to the total of the products already launched.

The cost inflation point is essentially – to all intents and purposes it relates to emerging markets, the inflation experience on both the function cost base and also the production logistics costs in those markets. A large part of it is salary inflation, and recently we have seen those being at quite high levels. So, that's what it relates to.

Operator

And the next question is from Patrick Rafalsz of Vontobel. Please ask your question.

Patrick Rafalsz – Vontobel

I have three questions, please. First, can you elaborate a bit more on the sugar beet performance issues in the U.S. you mentioned during the slide presentation? Secondly, with acres shifting from corn to soy, you haven't shifted in North America. Is there any risk for the second half from corn seed returns from clients? Could that result in any one-offs we are not yet aware of?

And then lastly, in terms of strategy, and particularly regarding the neonics, there's more and more scientific papers actually being published highlighting collateral damage of neonics not only on bees but on the environment, etc. It seems that the government's getting more tough in North America as well. Are you looking further into this? Do you except for in Europe, are you changing your strategy with this class of chemistry in any way, or do you have any more detailed forecast for that for us? Thank you.

Michael Mack

The first question on sugar beet, we're a year to – we're a season or two – and by the way, I say a season or two, the first season is this one – away from catching the market leader in this case on a disease resistant variety of sugar beet. So, that share loss is directly attributable to a feature of our sugar beet seed that needs to be more competitive than where it is, but that's firmly in hand and we're clear about what's driving that.

The acreage shift to corn to soy and will it give rise to any higher than expected returns on account of that acreage shift, the answer to you is to the best of our ability, no, we don't think so. As I indicated, 70% of our sales are direct through our own seed advisor network, which means we have had very good line of sight of most of our sales. We think we're properly provisioned for this, and we watch it. It is the only thing that is outstanding right now with respect to understanding exactly how things worked out this year. But no, I don't expect that there is going to be a need for any further write-down in that of materiality.

And finally, on the neonic and the news that came out of the Netherlands a couple of weeks ago, first, we don't regard it as a very – as a high quality study by any stretch of imagination, but this wouldn't be the first time there were studies released of questionable scientific value. I will readily admit that it's not helpful in the press.

We are heartened, as ever, by the fact that every time some of the non-European regulatory authorities get involved in this, if you look at the Americans this year, the Canadians, the Australians, people have taken a very deep look at the neonic matters and they are saying there is nothing here; there is no relationship between this and the causality of bee decline.

We're putting every resource that we reasonably can in the Company to be sure that we get the word out to the people who are the science community, to the regulatory community, and even to the NGO community, to take a look at the facts. Is it a source of concern to me? Of course it is. We had a ban on this in Europe, in the EU, and it's already impacted some of our sales.

But I think where people are taking a good look at this, they're understanding that this is -- that restricting the use of neonics on these crops is only going to hurt growers and it's not going to help the bees, and that's what we're going to continue to work on ensuring stays the case. Okay?

Operator

And the next question is from Ronald Koehler from MainFirst. Please ask your question.

Ronald Koehler -- MainFirst

My first question is a sly question on the cost expenditures in R&D and marketing. I believe you guided \$200 million for the full year. Is it still kind of intact, which means \$120 million more expenses, growth expenses in the second half?

The second question is on -- a bit on the outlook of Brazilian profitability. On the one side, you launch Solatenol or Elatus, which I believe have a very high gross margin. On the other side, you might have more investments, obviously, launch, startup costs. So what is your kind of outlook on the margin? Should we think about margin declining in Brazil due to launch costs, or should we see margin slightly improving due to the higher gross margin?

And third question is on a potential share buyback or releveraging. Monsanto obviously is now going for a net debt to EBITDA leverage of 1.5 times, which is a \$10 billion share buyback program, obviously believing that they do not need this kind of strong balance sheet. If I look to your balance sheet, that would open up more opportunities. So the question is how do you think about this 1.5 times net debt to EBITDA as a ratio in the context of Syngenta? And that's it. Thank you.

John Ramsay

Maybe I'll just start with the cost expansion point. Yes, that's approximately correct in terms of the numbers for the full year. I think the important point about this in terms of the investments we've been making is that we are now in the final year of these level of growth investments. So, it's an important point to understand the trajectory going into 2015. And we said that we will peak, particularly in terms of R&D, in this current year, and next year we'll see very much reduced levels of investment and that completes our three-year program that we set out in 2011.

Brazilian profitability, Elatus is a high-margin product, but initially you do get startup costs. Of course, there will be some launch costs, but I don't think they'll be necessarily significant in the totality of the business. But at the margin level, we do have higher cost of production as the plant ramps up. And this is of course an early phase of Solatenol, so it's not spread across the volume that we'll have in coming years. So there's a bit of a penalty on the margin initially, before you get to full productivity and get the higher margins at that full productivity rate.

The leverage point, I think we've set out very clearly over the years what are our policies, and the difference between ourselves and Monsanto is that we have a much higher level of dividend. And when you look at the implications on debt to EBITDA, you've really got to take that into account, and if you don't take it into account you're going to get a wrong answer.

I think I am correct in saying that that 1.5 translated in Monsanto's case to \$10 billion of share buyback, but they took a significant downgrade in credit rating. If we were to go to 1.5 debt to EBITDA, we'd be a couple of points above jump spaces in terms of our credit rating, so I really don't think that that's particularly useful.

The focus we have had and the focus we will continue to have is on the dividend. With a very healthy dividend payout, we're able to keep the promise of increasing the dividend despite the volatility in cash flow, as I demonstrated in the slides, and that's what remains important to us. That's our policy and we don't intend to change it.

Operator

Thank you. The next question is from Andrew Stott from Bank of America. Please ask your question.

Andrew Stott – Bank of America Merrill Lynch

It's actually around inventories again. I am sorry to go back to this, but it was just that you put out a very specific target both for this year and actually the longer term. So, just maybe, John, the thinking behind the \$600 million release, if you like, by 2018, and within that, is that the asset turn comment or is – when you talk about asset turns on slide 33, you're also saying about the sale to fixed asset ratio. And then – so that's the longer-term question. And the short-term question is why specifically 200 basis points for this year? What's behind that very helpful guidance?

John Ramsay

In terms of the short term, in terms of this year, the specific point in relation to inventory this year is that we recognize that in 2013 we'd increased inventories above the normal operating level as a consequence of the failure to get Elatus registration and the shortfall we experienced at the back end of the year in Latin America.

So essentially what we're doing is essentially keeping inventories flat this year, and that basically is meaning that we get the benefit of not increasing inventories in line with the sales growth, and that just translates into an approximate 2 percentage points of sales. The percentage of sales can be a bit distorted by currency, because it's increasing the translation effect on currencies and it's diminishing the sales currencies, so that can be a bit misleading. The important point is that we don't intend to increase inventories and service the sales growth through the same level of inventory, is a better way to look at it.

And so far as the longer term is concerned, we're just looking at the inventory efficiency. And the way in which we have had to respond to very high growth in emerging markets over the years, I don't think we've had enough focus on the effectiveness and efficiency by which we're servicing those markets. We've been very much in servicing the market mode and obtaining the sales growth, but we need now to structurally look at the way in which we handle the whole supply chain and put in place the types of efficiencies that we have largely in the developed parts of the world. So, that's why we think we can take a structural amount out of inventory in the next few years.

The way in which we think about the asset turns is that because we talk about percentage of sales for our fixed capital, that's just to make the communication a little bit easier. The fundamental point is what we intend to do is to improve the asset efficiency on both working capital and on fixed capital, and we've translated that to a percentage of sales just for ease of communication. So what we will target to do is to have a continuous improving asset turn on both working and fixed capital over the years.

Andrew Stott – Bank of America Merrill Lynch

Okay. And sorry, can I just steal a couple of others, because they are very short? The R&D comment that you made earlier for next year, is there an absolute target for that reduction or is it a ratio, anything more specific?

John Ramsay

He said – not really. Essentially, it will be that we will probably be towards the top end of our 8% to 10% percentage of sales for R&D at the end of this year. But next year we'll start to reduce that as a percentage of sales, and over the next few years we'll reduce it down to about 9%.

Andrew Stott – Bank of America Merrill Lynch

Thank you.

John Ramsay

Okay.

Andrew Stott – Bank of America Merrill Lynch

Thanks, John.

John Ramsay

Thank you, Andrew. And operator, the final question.

Operator

Thank you. The last question is from Patrick Lambert of Nomura. Please ask your question.

Patrick Lambert – Nomura

I've got a few. Is that okay?

Michael Mack

Go ahead.

Patrick Lambert – Nomura

Yes. A very simple one first. Seed treatment growth, I think slightly disappointing in my view, my forecast. Can you brief us on the geographical spread, the typical geographical spread of seed treatment sales? I was expecting more North America impact on that. That's question number one. Question number two, can you comment a little bit on GM soybean technologies? What's your view? I think Monsanto and Dow are pushing for double herbicide-tolerant traits (indiscernible). If you can give us your views on that and your solutions also, question number two.

Question number three, how confident are you there won't be any seed production one-off costs in H2, have you planned – comparing your planning for next year versus your – the cost of producing there? That's question number three. And the last one, on sugarcane, just to understand a little bit more the Ceeds deal, is that linked also to mechanization of sugarcane planting, it's just making the logistics easier and – potentially but not cannibalizing the mechanization of the Plene, the initial Plene target? Thanks.

Michael Mack

I'll see if I can take the (multiple speakers) and I am not sure I have your first question so I'll come to that momentarily. On sugarcane, as we shared with all of you down in Brazil last December, the problem that we were having with the initial Plene concept was that the shelf life wasn't sufficiently long and we were struggling with this seven to 10 day period.

And the technology that we announced this morning with Ceeds, this agreement that we have, is if it comes to be as we think it will, it will substantially extend the shelf life several weeks, and that is a big deal and it's a big difference. And that big difference will enable the simple planting, mechanized, as you said, and will be what we – it's a breakthrough for us to be able to take what was the original Plene concept to a full scale of what we originally wanted to accomplish.

So, that's what that's all about. But a reminder that our deep involvement in sugarcane in Brazil has been instrumental in growing our crop protection market share there, and so that's been very encouraging and a good part of the Brazilian story.

The planning for next year, if I understand it right, that you asked what about corn to soybean shift and is – and what if anything does the impact of corn prices have on thinking about our business next year. What I can tell you is that the crop, the seed crop, is already in the ground and it's coming along. With the yields where they are, I presume it's coming along nicely and we'll just have to see where that is. But I know you'll – did I have that wrong, Patrick?

Patrick Lambert – Nomura

No, I think it's exactly the ratio between corn and soybean for next year is about the same as this year, in terms of planning? It's too early?

Michael Mack

Yes. The market will decide, of course, what the relationship is, but here we are in the zone last year between 96 million and 91 million acres in the U.S. and it's been my experience that that year-to-year swing is something that doesn't get fully informed until much closer to that. So I wouldn't want to guess whether next year is 92 million or 93 million. Corn has been in the zone now for a number of years.

You ask about GM technology and soybean. We had an ultimate from out of the regulatory agency in the U.S. earlier this week that our approval for MGI, which is our glyphosate tolerant trait, was approved by the EPA. But for GM soybean technology, as is well known, we're on the Monsanto platform. So we're Roundup Ready 2 licensee in Brazil and Argentina and U.S. and Canada. And that is just a reminder to you as well that trait is one part of the technology but the chemistry is another part, and for that we're a leader.

I will confess, I didn't understand if your first question was about the impact of seed care, sales, seed treatment?

Patrick Lambert – Nomura

Yes, just can you just give us the geographical spread, the split of seed treatment sales?

John Ramsay

Patrick, I think about 40% of our sales were in North America. The variance in seed treatment you can attribute largely to the withdrawal or suspension of the Cruiser in Europe, which is the single biggest impact in Spain, was the variance. We're also down a bit in LATAM, with the reduced corn acres there. But we're up, I think, substantially in North America in the total seed treatment sales. Okay?

Patrick Lambert – Nomura

Okay.

Michael Mack

Patrick, thank you. And ladies and gentlemen, thank you for joining the call this morning. Of course, as ever, if you have any additional questions, please free to contact Jennifer Gough or Lars Oestergaard in Investor Relations. With that, wishing you a pleasant day. Thank you for joining.

Operator

That does conclude our conference for today. Thank you for participating. You may disconnect.

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Operator

Welcome to the Syngenta half-year 2014 results call. (Operator instructions). I must advise you that this conference is being recorded today, Wednesday, July 23, 2014. I would now like to hand the conference over to your first speaker today, Jennifer Gough. Please go ahead.

Jennifer Gough

Good morning, and welcome to the call. The presentation today is hosted by Mike Mack, CEO, and John Ramsay, CFO. The slides to accompany the presentation are available on our website, syngenta.com.

Let me first draw your attention to the Safe Harbor statement on slide number 2. This presentation contains statements which may be subject to risks and uncertainties that could cause actual results to differ. We refer you to Syngenta's publicly available filings with the U.S. SEC for information about these risks and uncertainties.

And with that, we'd like to start the presentation on slide number 3. I'll hand you over to Mike.

Michael Mack

Thank you, Jennifer. Good morning, ladies and gentlemen. We made good strategic progress in the first half of 2014. The financial performance was below our initial expectations for two reasons; a late season in North America and adverse currencies. Weather conditions were favorable in Europe but very challenging in North America, where the delay in plantings significantly reduced crop protection usage.

From the growers' point of view, the U.S. season now looks to be a decent one, to the extent that plantings have caught up and crop condition is good. However, the strong outlook for production globally, following on from a good year in 2013, has put additional pressure on crop prices in recent weeks.

With grain demand growing steadily, in line with long-term projections, sharp swings in supply, usually driven by weather, give rise to periods of volatility; a recurrent feature of this industry but one which, as we've seen before, tends to even out.

Overall, integrated sales in the first half were up by 4% at constant exchange rates, with Europe, Africa and the Middle East up 7% and North America down 6%. Emerging markets, including Latin America, Asia Pacific and Eastern Europe, show continued momentum with sales up 11%.

Adverse currency movements in a number of these emerging markets were partly offset through our determined focus on price. Underlying pricing excluding the currency related adjustment and glyphosate, was firm with an increase of 2%. While reported results were affected by the currency headwind, at constant exchange rates margins improved.

Please turn now to slide 4. Let me start with North America, where the prolonged cold temperatures in the U.S. delayed the season. Wet conditions at sowing time reduced pre-emergent herbicide sprays and the level of disease and insect pressure was lower. The reduction in corn acres also had an impact on our sales.

In Canada, a decline in cereals acreage was exacerbated by flooding in the second quarter. And in this difficult environment, one bright spot for both territories was the growth in seed care, driven by our new SDHI product Vibrance.

In Europe, Africa and the Middle East, the weather situation was altogether different. An early start to the season led to high weed, disease and insect pressure. The strongest contribution to growth came from fungicides, with broad growth across the portfolio and rapid expansion of Seguris, another SDHI product. The CIS countries saw double-digit growth despite the political uncertainty.

Asia Pacific saw broad based expansion across the region. This came from developed as well as emerging markets, with rainfall in Australasia increasing grower confidence there. Among the emerging markets, performance in South Asia was particularly strong, reflecting the success of our vegetable protocols and our corn hybrids.